Ministry of
Forests

2003/04
Annual Service Plan Report

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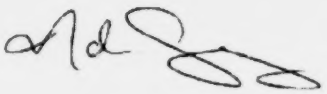
Accountability Statement

The 2003/04 Ministry of Forests Annual Service Plan Report was prepared under my direction and in accordance with the *Budget Transparency and Accountability Act*. This report compares the actual results to the expected results identified in the ministry's 2003/04 Service Plan. I am accountable for the ministry's results and the basis on which they have been reported.

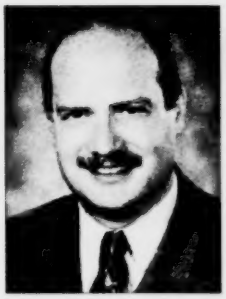


Honourable Michael de Jong
Minister of Forests

June 2004

BRITISH COLUMBIA

Ministry of Forests



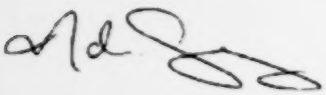
For the Ministry of Forests, the year 2003/04 was significant both for progress made and challenges met. Ministry staff made outstanding progress in meeting our service plan goals to ensure sustainable forest resources and sustainable forest benefits, and to strengthen our role as stewards of the province's forest and range resources. This progress is all the more notable given the extraordinary challenges that nature delivered to us — the continuing mountain pine beetle epidemic and devastating wildfires.

The scope of both challenges verges on the historic. The spread of the mountain pine beetle doubled in 2003 over the previous year, to 4.1 million hectares, which will create serious timber-supply impacts in the coming decades. The ministry is working to mitigate the impact of the epidemic on communities, and find new uses for this blue-stained wood. Likewise, British Columbia has never before seen the intensity of firestorm as we did in 2003. Record drought and heat contributed to extreme fires that could not be controlled, with extreme losses to individuals, communities and forest resources. As always, the BC Forest Service sought to learn from its experiences, and we are now better prepared for future fire seasons.

This past year also marked the one-year anniversary of the introduction of the Forestry Revitalization Plan, designed to open up new opportunities for more British Columbians and make the most of our precious public forests. The foundation for the full implementation of the plan was firmly laid in the past year, complete with legislative changes, shifts in roles and responsibility, and vigilance on the impacts of change on individuals, communities and the forest sector as a whole. Evidence of the positive impacts of these changes is already apparent, shown in renewed optimism and investments. The comprehensive nature of the plan means that much work remains to be done, yet I am pleased to say that our forest sector is on a sounder footing than it has been for some time.

We also brought the *Forest and Range Practices Act* into effect, upholding world-class, sustainable forest practices on the ground, while promoting innovation and cost-effectiveness in the planning and approval processes. Through clear environmental objectives, an increased reliance on professionals and a stronger compliance and enforcement function, FRPA will help deliver top-notch stewardship. Progress, although

necessary, is never easy. Together with the public and forest stakeholders, we will persevere through what is and will be a difficult transition, solve old challenges and be beset by new ones. All the while, we will not lose sight of our commitment to sustainable forest resources and sustainable forest benefits. Doing so will pay dividends today and tomorrow.



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Year-at-a-Glance Highlights

This section summarizes the significant events and performance achievements in the ministry during 2003/04. The events and achievements categorized below by ministry goal indicate how well the ministry has achieved key aspects of its mandate.

Ministry Operating Context

- Wildfires were a significant challenge to the province in 2003, particularly in the Interior. The Filmon Firestorm 2003 Provincial Review made recommendations to government on how to be better prepared to deal with future wildfires.
- The area infected by the mountain pine beetle epidemic doubled from the area infected in 2002 and is now over 4.1 million hectares. Finding markets for beetle-damaged wood remained a challenge to the forest sector.
- Despite US imposed countervailing and anti-dumping duties on Canadian softwood lumber, British Columbia's share of the US softwood lumber market remained steady. Negotiations on the long running softwood lumber dispute continued.
- While Japan lumber imports from BC were reduced by five per cent during the year, a 34 per cent increase in BC wood product sales to Taiwan, China and Korea was realized (albeit this still accounts for a very small portion of BC wood exports).
- British Columbia continues to lead all Canadian provinces in the area of forestland certified by major certification processes, helping the forest industry to meet the interests of customers and demonstrating the province's commitment to sustainable forest management.
- 2003/04 was the third year in a 3-year workforce adjustment process. During this year the ministry was reduced by 61 employees for a total three-year reduction of 893 employees.

Goal 1: Sustainable Forest Resources

The ministry substantially achieved, achieved or over-achieved most of its performance targets under its first goal during 2003/04. Performance highlights include:

- Despite the wildfire challenges, the ministry's performance on rapid effective initial attack of fires remained within target.
- Implementation of the *Forest and Range Practices Act*, along with training of 4,000 government and industry personnel on the new regulations and their application.
- Achievement of an overall 50 per cent reduction in forest regulation, surpassing government's goal of a one-third reduction, one year earlier than directed.
- 83 per cent of timber supply area allowable annual cut determinations were achieved by their scheduled deadline. Analysis during the year focused on the impacts of catastrophic forest fires and bark beetle infestations on timber supply.

- Although forage was available to range users as planned, there were significant pressures on range resources during 2003/04 from drought and wildlife grazing. In addition, the challenge of BSE (bovine spongiform encephalopathy), or mad cow disease, made it a difficult year for range agreement holders.
- Recreation sites and trails were available to the public as planned. Signing of partnership agreements for maintaining Forest Service recreation sites exceeded expectations, although agreements for maintaining trails were fewer than expected.

Goal 2: Sustainable Forest Benefits

The ministry partially achieved, substantially achieved, or achieved most of its performance targets under its second goal during 2003/04. Performance highlights include:

- A market pricing system was implemented for the Coast on February 29, 2004, but government has not yet made a decision about implementation in the Interior.
- The plan to increase compliance and enforcement (C&E) effort on pricing and revenue activities proceeded at a more cautious pace than initially anticipated. This was due to C&E focusing efforts on the transition to the new *Forest and Range Practices Act*.
- Timber volume through tenure was available to licensees as expected.
- Introduction of the First Nations Forest Strategy, including sharing of forest revenue and greater access to timber for First Nations was realized through 47 consultation agreements, 22 accommodation agreements and 32 tenures offered to First Nations.
- BC Timber Sales reform proceeded with the establishment of a credible reference point for costs and pricing of timber, and an increase in the volume advertised for sale. The higher than expected per cent of sales refused was an indicator of market conditions and prices more than ministry performance.

Goal 3: Effective and Responsive Forest Manager

The ministry's achievement of performance under its third goal varied from over-achieved to partially achieved during 2003/04. Performance highlights include:

- The ministry managed a very large policy and legislation agenda in support of achieving government direction for the ministry's primary two goals. This includes four new Acts and five significant Amendment Acts, as well as 11 *Forest and Range Practices Act* regulations.
- Three years of workforce adjustment have been concluded, and the ministry Executive has begun to focus on revitalization of the organization.
- Three significant client services were implemented electronically via an internet link, improving benefits to the ministry and its clients from technology.

Ministry Role and Services

Ministry Overview

Since its establishment in 1912 as the Forests Branch, the Ministry of Forests (also known as the Forest Service or MOF) has continued to protect the public's interest and provide leadership in the protection, management and use of the province's forest and rangelands. The Forest Service is the main agency responsible for the stewardship of 47 million hectares of provincial forestland. In addition, the ministry provides fire protection services for 84 million hectares. Managing these provincial forests presents a unique and complex set of challenges. More than 90 per cent of British Columbia's forestlands are publicly owned, which means that the provincial government, on behalf of the public, plays a much more prominent role in the forest sector than its counterparts in other forestry jurisdictions.

The ministry pursues its goals for sustainable forest resources and benefits in a consultative manner with the public, industry, and other Crown agencies, while recognizing the unique interests of aboriginal people. In this way, the ministry works to earn the public's trust as our staff make the day-to-day decisions which ensure that all British Columbians can look forward to healthy forests and a strong forest economy now and in the future.

The key legislation for which the Ministry of Forests is responsible is summarized in Appendix 1.

Ministry Vision, Mission and Values

Vision

Healthy Productive Forests

This vision reflects the ministry's mandate to ensure that the health and productivity of the province's forest and range resources are maintained now and in the future. Healthy forests include a diversity of ecosystems that support a full range of forest products, businesses and other opportunities.

Mission

Protect and manage our public forests for the sustained benefit of all British Columbians.

This mission is reflected in the Forest Service's motto **"Stewards of Our Forests"**.
As stewards of British Columbia's forest and rangelands, the Forest Service undertakes the key responsibilities of: protecting and managing the province's forest and range resources; providing the basis for a globally competitive forest industry with high environmental standards; and maximizing net revenues to the Crown.

Values

The Forest Service protects the public's interest in its forest and rangelands through a commitment to the values of respect, service excellence, accountability, openness and adaptiveness, and a can-do attitude. The ministry is guided by the ethics of sustainable use, stewardship, and public service.

Ministry Operating Context

Introduction

Recent policy changes and global forest issues continue to change the landscape of the BC forest sector. In 2003/2004, the ministry began the challenge of implementing the policy changes associated with the Forest Revitalization Plan and *Forest and Range Practices Act*. The ministry also continued to address the softwood lumber dispute, expand dialogue with First Nation groups, and work on forest management and health issues.

From a global perspective, changing weather patterns and their impact on sustainable forest management continued to affect the forest sector. Similarly, consolidations and mergers, global excess wood supply and new entrants into traditional markets were forces shaping the BC forest sector's global performance.

Internal Challenges

With the ongoing implementation of the *Forest and Range Practices Act*, the ministry continued to adjust and fine-tune the legislative framework to ensure an efficiently functioning forest management system. Over the course of a year, 4,000 government and industry personnel underwent training on the new regulations and their application.

With continued dry weather, wildfires were a threat to British Columbia communities, particularly in the Interior. The government undertook a review of its wildfire policies and procedures after the catastrophic events of 2003. The Filmon Firestorm 2003 Provincial Review discusses and recommends how the government can be better prepared to deal with future wildfires. The government began the process of implementing all 42 of the review's recommendations. For more information on these recommendations, please see the report at http://www.2003firestorm.gov.bc.ca/firestormreport/FirestormReport.pdf.

A key component of the Forest Revitalization Plan was the continued commitment to increasing First Nation involvement in forestry through tenure and revenue sharing opportunities. Since September 2002, the government has signed agreements with 47 First Nations, which involve $53 million in revenue sharing and more than 9.3 million cubic meters in timber.

The mountain pine beetle epidemic continued to be a priority issue for the ministry from both a forest health and an economic standpoint. British Columbia's mountain pine beetle

epidemic has been described as the worst insect infestation ever to occur in a North American forest. The total area attacked by the mountain pine beetle now measures about 4.1 million hectares and the area has more than doubled since 2002. Finding market opportunities for the beetle-damaged wood remained a challenge for the sector. Forestry Innovation Investment Ltd. through funding under the Forest Investment Product Development Program worked with the Chinese Academy of Forestry to research possible uses for beetle-wood in China. The government also looked at encouraging other innovative uses for beetle-wood and an expression of interest process is underway.

The three-year workforce adjustment plan concluded in 2003/04. During this year the ministry was reduced by 61 employees for a total three-year reduction of 893 employees. As a result of Government-wide exit programs, only 215 final layoff notices were issued. Of those, 94 employees were placed in vacancies elsewhere in government.

External Challenges

Softwood Lumber

On May 22, 2002, the US imposed countervailing and anti-dumping duties on Canadian softwood lumber amounting to 27 per cent. Canadian federal and provincial governments and industry have been working to eliminate these duties, both through legal challenges under international trade rules, and through attempts to negotiate a long-term solution to the dispute. Some 2003/04 highlights with respect to this major issue included the following:

- On the legal front, a number of World Trade Organization (WTO) and North America Free Trade Agreement (NAFTA) rulings on Canada's challenges to the US duties were released. None of these rulings have yet been a decisive win for either Canada or the United States. The legal challenge that appears most likely to yield a clear win for Canada is the NAFTA panel reviewing the US determination that Canadian lumber imports threatened to 'injure' the US lumber industry. That case is likely to be finished late in 2004, or early 2005;
- Other aspects of the legal case include the continuing administrative reviews and company specific reviews conducted by the US Department of Commerce. Each year, Commerce reviews the softwood lumber countervailing and antidumping duty rates using updated information. Based on Commerce's findings, the rates are then revised retroactively. In addition, in some cases, companies can request and receive company specific rates. In 2003/04, Commerce collected the information required to update the duties for the 2002/03 period, but has not yet released the revised calculations. Some companies received lower company specific cash deposit rates in 2003/04; and
- Negotiations for a long-term solution to the softwood lumber dispute led to the publication in June 2003 of a US Department of Commerce draft policy bulletin which outlined the types of forest policies that the US government would consider non-countervailable. British Columbia and other Canadian negotiators worked with the United States to draft the policy bulletin so that it describes forest policies that are attainable and consistent with the types of changes provinces are already implementing for domestic competitiveness reasons. Comments on the draft policy bulletin were submitted in the summer of 2003, but a final version has not been published. Negotiations

regarding a short-term quota agreement also took place in 2003/04 but were not successful.

The Global Forest Industry

Changes continued within the forest industry. There were mergers and takeovers within the global industry, which have resulted in a consolidation of production as multinational companies continue to pursue lower unit costs. British Columbia also saw its share of company changes in 2003/04; for example, Spring 2004 announcements of the Slocan-Canfor and Riverside-Lignum mergers.

In addition, China and Russia are playing an increasingly important role in the global forest industry. China is rapidly expanding its wood processing capacity to meet its increasing domestic demand. Also, producers from Northern Europe have expanded investment in the Russia wood products industry.

Economics

Global Context

The Japanese economy appears to be improving, but the value of British Columbia forest product exports to Japan did not increase in 2003. World prices for lumber, plywood and pulp increased substantially in 2003/04, but the Canada/US exchange rate appreciation in 2003 dampened some of this increase for Canadian producers. European exports to the US lumber market, while still quite small, have increased significantly since the introduction of the duties on Canadian products.

Prices

The BC forest industry's reliance on the export of their products into global markets makes commodity prices an important determinant of the sector's performance and health (see Table 1).

Table 1. Commodity Prices

Product	Unit	Annual Average 2003	Annual Average 2002
Spruce Pine Fir	US$/000 bd. ft	269	235
Hemlock Baby Squares	US$/000 bd. ft	534	597
Northern Bleached Kraft (NBSK)	US$/tonne	522	463
Newsprint	US$/tonne	501	468

Source: Madison Canadian Lumber

Exports

British Columbia's forest-based industries produced an array of wood products during 2003, but were dominated by the production of lumber and pulp and paper, which are commodities sold in the world market (see Figure 1). The ministry's market-based policy reform is focused on supporting a globally competitive forest industry while ensuring that the public receives fair value for its resource.

Overall, forest product exports from British Columbia have been declining since 2000. Based on preliminary data, total BC forest product exports in 2003 were $12.9 billion, down 29 per cent from 2002. A large portion of the decline is attributable to a reduction of softwood lumber exports. Softwood lumber typically accounts for over 40 per cent of total forest product exports (see Table 2).

Table 2. Total Wood and Softwood Lumber Exports (CAD $ billion)

Product	2000	2001	2002	2003
Total Wood Exports	16.59	14.94	14.36	12.92
Softwood Lumber	6.87	6.59	6.34	5.30

Source: BC Stats

The primary market for BC products continues to be the United States, which imported 62 per cent of British Columbia's total provincial forest product exports in 2003. Japan was the second largest destination for BC forest products accounting for approximately 15 per cent of the total (see Figure 2).

Figure 1. Export by Forest Products

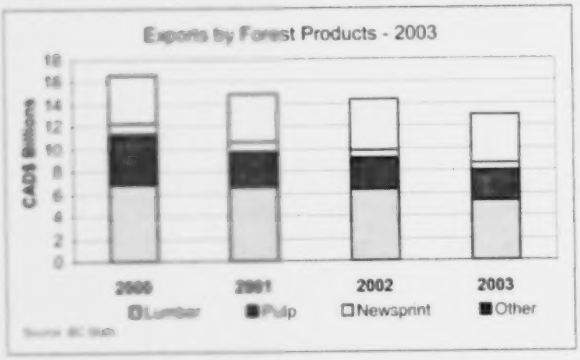
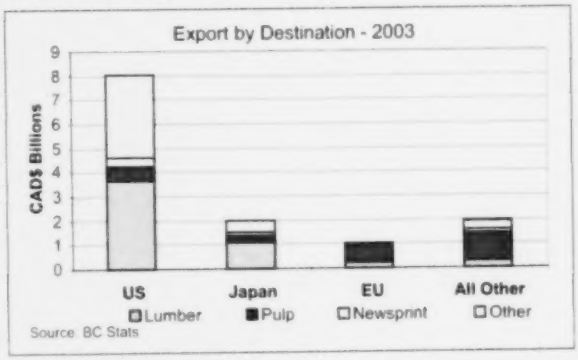


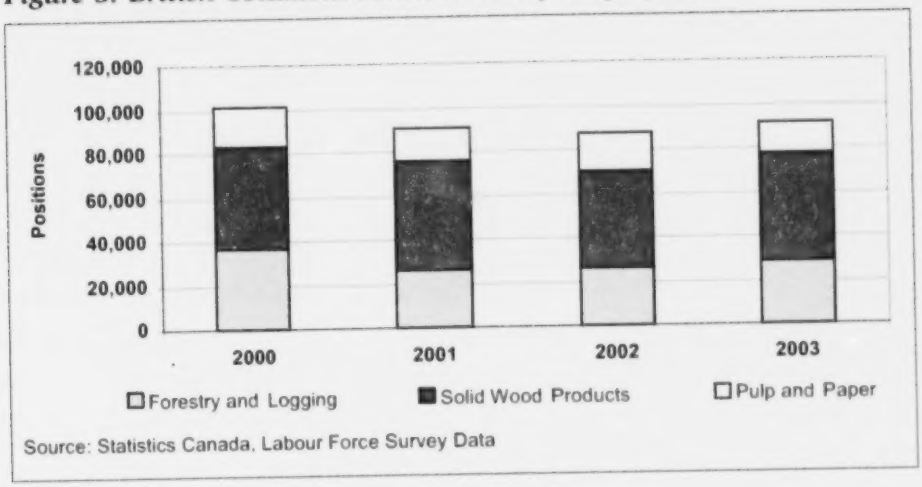
Figure 2. Exports by Destination



Employment

Employment statistics in the BC forest industry showed a five per cent improvement in 2003 employment levels compared to 2002. Total employment rose from 87,300 to 91,617 positions. Despite a 15 per cent decline in pulp and paper employment, solid wood products and forestry and logging employment improved by nearly 10 per cent (see Figure 3).

Figure 3. British Columbia Forest Industry Employment



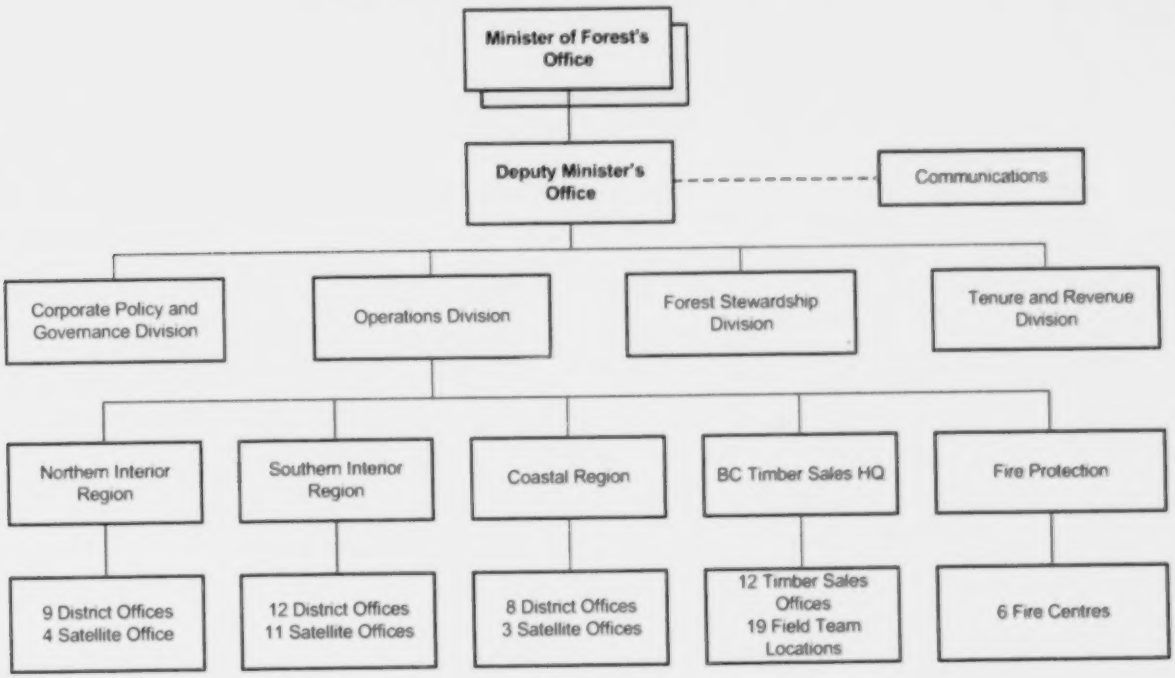
Ministry Structure and Core Business Areas

The Ministry of Forests has a decentralized structure (see Figure 4), with the majority of staff in field offices in close proximity to the forests they protect and manage and the clients and communities they serve. The field structure of the ministry consists of three forest region offices with 29 forest district offices and 18 satellite offices; 12 BC Timber Sales offices with 19 field team locations; and six fire centres. Staff in field services are involved in all seven core business areas.

The Victoria headquarters staff are organized as follows: Corporate Policy and Governance division, Operations division (Field Services, BC Timber Sales, and Fire Protection), Forest Stewardship division, Tenure and Revenue division, and Communications.

The Forest Stewardship Division includes staff in the Forest Practices Branch, Research Branch, Forest Analysis Branch and the Tree Improvement Branch, which manages the Tree Seed center and six seed orchard facilities. In the Tenure and Revenue Division are Economics and Trade, Revenue, Resource Tenures and Engineering, and Aboriginal Affairs Branches. The Operations division personnel in Victoria are Executive and support staff to the BC Timber Sales, Fire Protection, and Field Services staff, and the Compliance and Enforcement Branch. Corporate Policy and Governance Division provides overall co-ordination of policy development and support services to the entire ministry in the areas of financial services, human resources, information technology, and strategic policy and legislation development.

Figure 4. Ministry Organizational Chart



The ministry has seven core business areas that represent groupings of the ministry's activities based on commonality of role and purpose. These business areas structure the objectives, strategies and performance measures of the ministry.

Core Business Area Forest Protection

Forest Protection includes fire protection and forest health management. The ministry manages wildfires to protect natural resource inventories and investments in the forest landbase. Forest fire response is primarily focused on protecting lives and government forest assets, particularly timber. Without fire protection, some 500,000 hectares of productive forest would be lost annually costing the province billions of dollars in potential direct revenue. The ministry undertakes cost sharing for fire protection activities with the forest industry, utility companies and landowners.

The province also relies on industry to help with protecting the health of forests under their management, especially pest infestations. The ministry continues to have a significant obligation to manage infestations in parks and protected areas, and to manage defoliator outbreaks that span multiple jurisdictions. Of key significance are bark beetles and gypsy moth infestations. Other defoliators, endemic pests and outbreaks of local significance are also managed.

Core Business Area Stewardship of Forest Resources

The functions in this core business area are fundamental to ensuring sound environmental stewardship of forest and range resources to ensure that they are used in a sustainable way. This in turn supports global recognition of environmental stewardship for British Columbia and British Columbia companies by ensuring that an appropriate regulatory framework is in place. Stewardship also provides a foundation for forest certification of company operations.

Stewardship functions include:

- Regulation of forest and range practices, including development and setting of performance standards and evaluating the effectiveness of legislation and regulation in achieving sustainable use;
- Timber supply planning and AAC determination, to ensure that levels of timber use reflect land use decisions, current forest practices, and policy regarding management of all forest values;
- Range planning and management to protect, manage and improve crown range and to allocate, manage and monitor range-use through the administration of rights to use crown range through *Range Act* tenures;
- Control of invasive alien plant species through initial attack of new infestations and biological control of infested areas;
- Recreation resource management, including the maintenance of a number of recreation sites and trails and establishing partnerships with other agencies, user groups, forest companies and commercial operators for the management of other Forest Service recreation sites and trails;
- Increasing timber productivity through forest gene resource management and tree improvement. These activities are directed by the Forest Genetics Council, an independent coordinating body in British Columbia;
- Providing scientifically based information and solutions, including research, scientific advice and extension services in support of all the above stewardship functions. A new Forest Science Board of government, industry and university representatives provides collaborative oversight in these areas; and
- Considerable involvement in a wide array of activities sponsored by the Canadian Council of Forest Ministers, including implementation of the new National Forest Strategy.

Core Business Area Compliance and Enforcement

This core business includes all activities that are associated with upholding laws under the ministry's jurisdiction that ensure the public interest in management of forests and generation of revenue is protected. This includes combating "forest crimes" (theft, arson, mischief) which are a significant drain on provincial revenue and a significant risk to other environmental, social and economic values, as well as enforcing:

- Environmental standards for forest and range management carried out both by the government and by forest and range tenure holders under current legislation;

- Regulations to minimize fire, pests, and unauthorized activities that threaten the province's forest and range resources;
- Rules governing the use of Forest Service recreation sites and trails; and
- Revenue-related legislation that governs removal and transportation of timber, marking, scaling, marine log salvage, etc.

Compliance and Enforcement activities are delivered by staff in the Forest Service's "field arm." The ministry works with the RCMP and other law enforcement agencies in the completion of aspects of this work.

Core Business Area Forest Investment

The province is investing in the development of a globally recognized, sustainably managed forest sector through programs funded by the Forest Investment Account (FIA). FIA programs provide funding to various recipients to actively foster sustainable forest management, improve the public forest asset base, and promote greater returns from the utilization of public timber.

Specific funding amounts are dedicated to program elements at the provincial level, including tree improvement, research, land use planning, product development, and international marketing. Other amounts are allocated for disbursement to tree farm license holders, certain tenure holders in each timber supply area, and small tenures for activities such as inventories, stand establishment and treatment, and restoration and rehabilitation.

Administration of most FIA programs is provided by third-party administrators rather than by government staff. In 2003/04, such programs included the Land-Base Investment Program, the Research Program, the Small Tenures Program, and the Product Development and International Marketing Programs.

Details on Forest Investment programs, administrators and accomplishments are provided in Appendix 2.

Core Business Area Pricing and Selling the Timber

The Forest Service has a major role in ensuring that the citizens of British Columbia benefit from commercial use of their forests. This relies on a strong forest economy and a competitive forest sector, which in turn is dependent on a fair pricing system, effective allocation and administration of timber harvesting rights, and a safe and cost effective road infrastructure to access timber.

Ministry strategies associated with this core business area are designed to generate significant ongoing revenues for the province.

Business activities to achieve this goal include:

- Timber tenure administration, including the advertising, issuing, monitoring and administration of forest tenures and tenure plans, as well as the issuing of harvesting authorities;

- Timber pricing, including all pricing and billing activities;
- Market access activities to maintain and grow markets;
- Maintaining an effective and safe forest road infrastructure within and to provincial forests to access communities, timber, range and other resource values while minimizing impacts on the environment; and
- First Nations consultation, support to the Treaty Negotiations Office, and negotiation of interim measures and accommodations agreements.

Core Business Area BC Timber Sales

As part of the Forest Service responsibility to provide British Columbians with benefits from the commercial use of public forests, BC Timber Sales markets crown timber in an open and competitive market while optimizing net revenue to the province. The program also provides a credible reference point for costs and pricing of timber harvested from public land.

Business functions include developing Crown timber for auction, creating and maintaining the BC Timber Sales road and bridge infrastructure to provide access to tenure opportunities, and meeting all requirements of the Forest Practices Legislation, including reforestation obligations.

Core Business Area Executive and Support Services

This core business area includes corporate governance processes and service delivery activities in support of all ministry functions.

Key clients for the strategic policy and governance aspect are the Executive, Minister and Cabinet. Activities are structured within key frameworks for policy and legislation development, performance management, internal audit and evaluation, and litigation support. Executive, regional and district management, and staff in the Corporate Policy and Governance Division play a key role in delivery of these functions.

Support service activities include finance and administration, human resources, central infrastructure management, Freedom-of-Information, records management, continuous improvement and best practices initiatives, as well as application of information technology. These services are delivered at all levels of the organization — branch, region and district. While focused at supporting internal management and employees, they also serve industry and the general public.

Strategic Shifts and Significant Changes in Policy Direction

To align with government's goal of a sustainable environment and the associated key strategies and actions as outlined in the *Government Strategic Plan 2003/04–2005/06* and the government's *New Era* commitments for sustainable forestry, the ministry initiated substantial strategic shifts in 2002/03, which continued in 2003/04.

This section outlines where the original intention in policy direction for a given core business area has required revision as a result of consultation and legislative processes. Where the original policy implementation is proceeding, details on the progress are included in the performance reporting section.

Stewardship of Forest Resources

The defined forest area management (DFAM) initiative

DFAM provides a framework for collaborative forest management by licensees within timber supply areas (TSAs). As part of this framework, legislation obligating licensees to undertake timber supply analysis and forest health planning and specified treatments was introduced in September 2003 but has not been brought into force.

Through 2003/04, licensees carried out these activities on a voluntary basis utilizing funding from the Forest Investment Account, Land-Base Investment Program. Parties in almost all TSAs initiated work on these activities, and have had varying degrees of success in formalizing DFAM governance arrangements. However, due in part to government managing the mountain pine beetle epidemic on a provincial basis, it has been difficult for DFAM groups to plan and implement forest health activities. Following consultation with industry representatives, a decision was made to delay bringing the legislation into force and to continue providing FIA funding to licensees who volunteer to carry out DFAM related activities.

Recreation

The ministry maintained its role in the recreation program in recognition of the need for the ministry to continue partnerships with outside agencies and provide a basic level of maintenance for user-maintained recreation sites.

Forest Investment

During 2003/04 Forestry Innovation Investment Ltd. (FII), which oversees the administration of the Research, International Marketing and Product Development programs under Forest Investment, was created as a crown owned corporation with its own service plan. As such FII will be publishing a separate annual report from the ministry's.

The administration of the Research Program, which was re-titled the Forest Science Program, will shift to PricewaterhouseCoopers Ltd. (PwC) for the 2004/05 fiscal year. PwC was the successful bidder of a competitive tender process, and started the call for proposal process in the Fall of 2003.

Pricing and Selling the Timber

During 2003/04, the ministry embarked on a forest policy reformation process to be largely implemented through the timber tenure system. The goal was to ensure that the parties

holding timber tenures are able to make sound business decisions and expand the role of market forces in the forest sector.

In particular, the strategy for small-scale salvage was to move to a more market-based approach. This included shifting to longer-term, larger licences where much of the responsibility for planning was moved to the salvage community. However, during this time, a MLA committee was established which reviewed that program in detail and provided 17 recommendations.

In the spirit of the MLA report, the ministry entertained a different streamlining model to deliver the program as well as entering into some longer-term, larger licences. This other model, commonly referred to as the professional application, requires the signing and sealing of applications by forest professionals, thereby reducing the turn around time for applications and providing more opportunities to salvagers.

Update on *New Era* Commitments

In 2001, the provincial government established 11 commitments for their *New Era of Sustainable Forestry*, which fall within the ministry's mandate. The table reports on those commitments that were outstanding at the beginning of the reporting year 2003/04, and summarizes the ministry actions to date in achieving these commitments. Further information on the ministry actions during 2003/04 is found in the "Performance Reporting" section.

***New Era* Commitment**	**Ministry Action**	**See Report**
Streamline the *Forest Practices Code* to establish a workable, results-based code, with tough penalties for non-compliance.	The new *Forest and Range Practices Act* and its regulations were brought into effect in January 2004. A new compliance and enforcement framework is established and implementation has begun.	FRPA — Page 50 C&E — Page 41
Apply 1% of all direct forest revenues, not including "super stumpage," to global marketing of BC's forest practices and products.	In 2003/04, the Forest Investment Account provided $12 million in funding for international marketing initiatives.	Forestry Innovation Investment Ltd. Annual Service Plan Report (under separate document)
Create a market-based stumpage system that reflects global market realities and local harvesting costs.	A market pricing system was implemented for the Coast on February 29, 2004. A system for the Interior is planned to be implemented by December 31, 2004.	Page 45

New Era Commitment	Ministry Action	See Report
Invest in research to promote forest stewardship.	The ministry and the Forest Investment Account provided significant funding in 2003/04 for focused research in forest stewardship.	Appendix 2
Cut the forestry regulatory burden by one-third within three years, without compromising environmental standards.	In 2003/04, the ministry achieved an overall 50% reduction in forestry regulation, surpassing Governments goal of a one-third reduction, one year earlier than directed. High environmental standards are being maintained.	Page 37 and 54
Work to expedite interim measures agreements with First Nations, to provide greater certainty during treaty talks.	The Forest Service has engaged in negotiating accommodations agreements, including revenue sharing and tenure awards as part of the First Nations Forest Strategy introduced during 2003/04. Interim measures agreements also continue to be negotiated.	Page 46
Increase the allowable annual cut over time through scientific forest management, proper planning, and incentives to promote enhanced silviculture.	The Forest Investment Account provided over $57 million in funding in 2003/04 for tree improvement, planning, research and land-base investment activities (silviculture, forest health planning and sustainable forest management planning).	Appendix 2

Performance Reporting

Overview of Ministry Goals

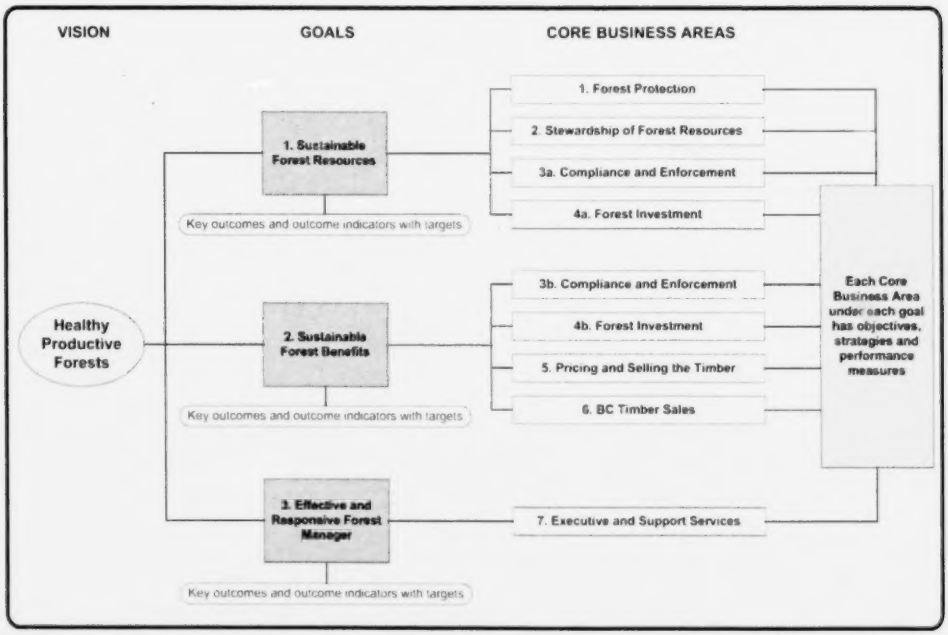
The Forest Service established three long-term goals in 2002/03 to provide overall strategic direction to the ministry in achievement of its mission and vision:

1. **Sustainable Forest Resources**
2. **Sustainable Forest Benefits**
3. **Effective and Responsible Forest Manager**

The ministry uses key outcome indicators to track high-level progress towards its goals. The key outcome indicators measure societal, landbase or stakeholder results or changes in conditions or behaviours. Although the Ministry of Forests can influence these outcomes, responsibility for their achievement is shared with others.

The framework below shows how the goals of the ministry are linked to its activities through seven core business areas. Each core business area is linked to at least one of the three goals. The core business areas of Compliance and Enforcement and Forest Investment support two of the three goals.

Under each core business area are structured the associated objectives and strategies of the ministry. To indicate how successful the ministry is in achieving these objectives and strategies during 2003/04, corporate performance measure targets have been assigned. Summaries of the objectives and strategies, and ministry performance by core business area are provided in the "Report on Results" section.


VISION
GOALS
CORE BUSINESS AREAS
Healthy Productive Forests
1. Sustainable Forest Resources
2. Sustainable Forest Benefits
3. Effective and Responsive Forest Manager
Key outcomes and outcome indicators with targets
Key outcomes and outcome indicators with targets
Key outcomes and outcome indicators with targets
1. Forest Protection
2. Stewardship of Forest Resources
3a. Compliance and Enforcement
4a. Forest Investment
3b. Compliance and Enforcement
4b. Forest Investment
5. Pricing and Selling the Timber
6. BC Timber Sales
7. Executive and Support Services
Each Core Business Area under each goal has objectives, strategies and performance measures

Goal 1: Sustainable Forest Resources

As stewards of British Columbia's forest and range resources, the Forest Service has the responsibility to ensure:

- That the use of the forests to generate economic benefits is balanced with the long-term health of the forest and range resources;
- The use of appropriate forest and range management practices to maintain and improve the long-term sustainability and health of the province's forest, range and recreation resources; and
- That incremental investments in the forest resource are effective.

Key outcome indicators of sustainable forest resources were chosen to represent the extent of the forest landbase, timber productivity, ecosystem health of the forests and rangelands, and compliance of forest operators with laws governing forest and range practices.

Key Outcome Indicator: *Sustainable Forest Landbase*

The area in provincial forest reflects provincial land use decisions. Changes would be expected if the government removed Crown land from forest management for other uses (e.g., preservation, parks or agriculture, or Crown land sales) or converted land from other uses to forest management.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Sustainable Forest Landbase	Area of provincial forest in millions of hectares	47 million	47.8 million	47 million	47.7 million

Provincial forestland for the purposes of this measure is the Crown land in timber supply areas, tree farm licences, woodlot licences and community forest agreements. Data are from the Ministry of Forests Allowable Annual Cut (AAC) database, as at January 1 each year. This measure was 47.8 million hectares at January 1, 2003 and reduced to 47.7 million hectares at the 2004 reporting period. The small reduction in the productive forest area reflects updated inventory information and minor changes to land use and administration.

Key Outcome Indicators: *Sustainable Timber Productivity*

The ministry uses measures of reforestation and losses from fire to represent sustainable timber productivity. These measures use data from the past five years.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Sustainable Timber Productivity	Ratio of area reforested to area harvested or lost to fire and pest (unsalvageable losses, based on a 5-year rolling average)	1.2	0.93	$\geq$1.0	0.82

The area reforested includes planting and natural regeneration and is net of reforestation failures. Harvesting is by any method. Losses to fire and pest are unsalvageable.

- A ratio of 1.0 would indicate that areas being reforested are in balance with those being harvested or lost to fire and pest. A ratio of less than 1.0 reflects a trend towards increased Not Sufficiently Restocked (NSR) with more area being harvested or lost to fire and pest than reforested.
- The ratio was greater than 1.0 from 1993 to 1999 reflecting a focus on backlog reforestation through cost sharing with the Federal Government under Forest Resource Development Agreements and activities funded by Forest Renewal BC.
- Forest licensees are meeting their legal obligations to reforest harvested areas (Forest Practices Board report in 2002).
- The decline is due to limited reforestation of backlog not-satisfactorily-restocked (NSR) areas denuded prior to October 1, 1987 and limited reforestation on areas disturbed by fire and pests between 1988 to 2002. These statistics do not include areas denuded by the Summer of 2003 fires.
- The ministry's policy is that licensees may choose to reforest backlog NSR and areas lost to fire and pest through funding allocated under the Forest Investment Account (FIA). However, insufficient or uncertain year to year funding has resulted in industry focusing on other priorities. Reforestation and tending of backlog and current fire and pest areas are at their lowest levels in 20 years.
- By regulation, forest licensees must report 2003/04 data by May 31, 2004. The most current data available to update the 5-year rolling average for this 2003/04 report includes only reforestation and harvesting activities completed up to March 31, 2003.
- In addition, neither licensees nor government agencies are adequately tracking recent losses to the forest landbase from insects and disease, so it is likely that new NSR areas are increasing faster than natural stocking is decreasing older NSR areas lost to such factors. Consequently, provincial NSR statistics may under-estimate the current area considered NSR.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Sustainable Timber Productivity	Total area of Crown forest lost to unwanted wildfire annually (in hectares, on a 5-year rolling average)	17,095	20,471	<30,000	50,615

Unwanted wildfire is unplanned or accidental, with the potential to cause damage to or loss of timber, range or public resources. The total area lost to unwanted wildfire is highly dependent on weather. Data are from the ministry's Historical Fire Statistics Database.

The exceptionally severe 2003 fire season, the worst since 1958, will impact the 5-year rolling average of area lost for the next five years. Extreme weather was the main cause of the severity of the season. Increased residential development encroaching on the forest interface was also a contributing factor. It is hoped that by 2006/07, the area lost will return to the baseline of <30,000 hectares per year.

Key Outcome Indicators: *Healthy forests*

Healthy forest ecosystems sustain the quality and quantity of soil, water and timber, and therefore, indicate sustainable forest resources. The indicators chosen are linked to national forest criteria and indicators of global forest sustainability. Although the indicators presented here are chosen to represent key elements of healthy ecosystems, these indicators are only meaningful at the ecosystem level, need to be considered over time, and none can be taken by themselves as a sufficient indicator of sustainability. The ministry intends to present more comprehensive information in a "State of the Forests" report published periodically.

All three of the following indicators were introduced in the 2003/04 Service Plan.

Key Outcome	Key Outcome Indicator	Published 2003/04 Projection	2003/04 Actual
Healthy forests — Soil Quality	Per cent of annual harvest area with soil loss due to establishment of permanent access roads (based on a 5-year rolling average)	≤5%	4.4%

Permanent access roads include any un-rehabilitated roads, excavated or bladed trails, landings, pits or quarries. Harvest area is by any method and includes areas with retained mature timber and naturally occurring non-productive areas within the cut block boundary.

- A percentage greater than five per cent indicates that the amount of permanent roads exceeds the long-term (17 year) average but is still within the seven per cent limit set by the regulation under the *Forest And Range Practices Act*. A percentage less than five per cent indicates areas in permanent roads are below the long-term average.
- By regulation, forest licensees must report 2003/04 data by May 31, 2004. Thus, the most current data available to update the 5-year rolling average includes only reforestation and harvesting activities completed up to March 31, 2003.

Key Outcome	Key Outcome Indicator	Published 2003/04 Projection	2003/04 Actual
Healthy forests — Water Quality	Percentage of community watersheds with active logging for which watersheds assessments have been completed	100%	100%

All community watersheds with active logging now have watershed assessments completed. Data are from the Ministry of Sustainable Resource Management's Community Watersheds website at http://srmwww.gov.bc.ca/wat/cws/.

Key Outcome	Key Outcome Indicator	Published 2003/04 Projection	2003/04 Actual
Healthy forests — Ecosystem Diversity	Area of forests >140 years of age within the province in millions of hectares	26 M	24 M

During 2003/04, the definition of forest was changed to align with an international definition[1] (trees are >5 m tall at maturity and tree crown cover is >10%). This change now classifies some alpine and non-productive forest originally included in the 26 million hectares as "other wooded land" rather than forest, and therefore the actual area reported here is 24 million hectares. This does not represent a change in the forest itself.

Data are the best available as of early 2001, compiled into a seamless forest cover inventory for the whole province. Sources include detailed ministry inventories (90% of the province), detailed company inventories (6%), and older, more general inventory for some parks (2%) and more general baseline thematic mapping from satellite imagery for the remainder (2%). When updated over time, any change in area will reflect both actual changes in the forests and changes to new inventory methods.

Key Outcome Indicator: *Effective forest protection and management by forest operators*

Compliance reflects management decisions and actions of forest operators, and is key to the outcome of sustainable forest resources.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Effective forest protection and management by forest operators	Percentage of forest operators' compliance with standards that regulate forest practices	>90%	93%	≥94%	92.1%

Forest operators include all major and small business licensees. Information is from the ministry's Compliance Information Management System. The rate of compliance has consistently been in excess of 90 per cent for the past eight years.

The 92 per cent compliance rate in 2003/04 is within the expected normal variation for this measure.

Goal 2: Sustainable Forest Benefits

Forestry generates significant revenues to the provincial government ($0.987 billion in direct revenue in 2003/04) and remains a major contributor to British Columbia's current and future economic health. Approximately 22 per cent of employed British Columbians have jobs associated with the forest sector. As stewards of the forest resources on behalf of government, the Forest Service has a major role in ensuring that citizens of British Columbia benefit from commercial uses of their forests. Sustainable forest benefits rely on a strong forest economy and a globally competitive forest sector, which the ministry supports through its forest revitalization policies.

International buyers are seeking assurances that the forest products they purchase come from well-managed forests. Certification is viewed by buyers and others as an important

[1] United Nations. 2001. Global Forest Resources Assessment 2000.

indicator of whether forests are well managed. The demand for certified forest products is expected to increase. The Forest Service is committed to working with industry and others to support increased certification of BC forest products.

The ministry also recognizes the unique interests of First Nations in forest benefits and in access to the forest for their future generations. Additional benefits from our forest and range resources are generated from the ranching industry, the use of forests for tourism and recreation, including guide outfitting, and the botanical forest products industry.

Key Outcome Indicators: *Revenue to the Crown*

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Revenue to the crown	Crown forest gross revenue ($ billions)	$1.164 B	$1.296 B	$1.072 B (Service Plan & Blue Book Forecast) $0.982 B (January 2004 Ministry of Finance revision)	$0.987[1] B

[1]Crown forest gross revenue is the total amount of money charged by the ministry during the fiscal year (includes BC Timber Sales, Timber Tenures and other MOF revenues). The 2003/04 actual revenue was $0.987 billion (unaudited), see Table 3 for details.

Table 3: 2003/04 Revenues (unaudited) by category and forest region

Revenue Categories	Coast	Northern Interior	Southern Interior	Victoria	Totals
			(thousands of dollars)		
Timber Tenure Stumpage	$213,108	$311,415	$244,955	$1,779	$771,257
Harvesting Rents and Fees	8,305	9,013	8,212	(7,260)	18,270
BC Timber Sales	35,570	68,674	80,912	468	185,624
Export	1,801	226	26	32	2,085
Range	3	432	1,527	2	1,964
Waste	687	31	5	4	727
Penalties	40	38	86	101	265
Interest	301	566	334	1,708	2,909
Miscellaneous[2]	746	1,493	1,124	31	3,394
Totals	**$260,561**	**$391,888**	**$337,181**	**($3,135)**	**$986,495**

[2] "Miscellaneous" includes revenue collected for special use permits, scaling fees, log salvage permits, licence of occupancy, publications, maps, manuals, photocopying and miscellaneous items as reported by the Central Invoicing System.

Note: Totals may not add due to rounding.

Key Outcome	Key Outcome Indicator	2001/02 Actual	2002/03 Actual	2003/04 Projection	2003/04 Actual
Net Revenue to the crown	Crown net revenue generated from BC Timber Sales ($ millions)	$121 M	$143 M	$142 M (Service Plan & Blue Book Forecast) $71.2 M (January 2004 revision)	$101.07 M

Net Revenue (gross revenue net of capitalized operating costs) is an indicator of the success of the BC Timber Sales program in generating revenue to the Crown. The forecasts for gross revenue, operating costs and net revenue were adjusted downward twice during the year, ending with a final revised net revenue target of $71.2 million for 2003/04. The adjustments were based on a new forecast volume-scaled target of nine million cubic meters and a combination of factors including, the softwood lumber dispute, a stronger Canadian dollar, an oversupply in timber of some areas, and depressed prices for lumber during the year.

Changes to 2003/04 Net Revenue Forecasts:

Forecast Dates	Gross Revenue	Expenditures	Net Revenue
February 2003	$280 M	$138 M	$142 M
November 2003	$210.7 M	$111.5 M	$99.1 M
January 2004	$180.7 M	$109.5 M	$71.2 M

With actual gross revenue of $185.6 million and operating expenditures of $84.6 million BC Timber Sales achieved Net Revenue of $101.07 million in 2003/04. Actual timber volume scaled in 2003/04 was 7.9 million cubic metres which was 15 per cent less than the average scaled volume over the previous five years and 26 per cent less than last year. As a result, BC Timber Sales did not achieve its original projection of $142 million but did exceed its final revised projection of $71.2 million by 42 per cent.

Gross revenue is provided by the ministry's Revenue Branch. Capitalized operating costs for the program are recorded in the government's Corporate Accounting System (CAS).

Key Outcome Indicators: *Strong Forest Economy*

The provincial forest sector is highly dependent on a strong forest economy. The health and diversity of export markets is a good indicator of the strength of the forest economy.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Strong Forest Economy	British Columbia's share of the US softwood lumber market	17%	17.6%	17%	18.1%

The United States is British Columbia's largest customer for softwood lumber. British Columbia's share of the US softwood lumber market is determined from American Forest Products Association (AFPA) statistics on US consumption and the Statistics Canada data on British Columbia and Canadian exports. Statistics for this indicator are updated on a calendar year basis.

Increased market share from British Columbia reflects increased demand for lumber due to high levels of housing starts in the United States. The demand for imports reflects the inability of US industry to meet this demand. High lumber prices have somewhat offset the effect of the countervailing and anti-dumping duties and increased value of the Canadian dollar on returns to BC lumber producers.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Strong Forest Economy	British Columbia's share of Japan softwood lumber imports	45%	43%	45%	40%

Japan is British Columbia's second largest softwood lumber customer. Import volumes are published annually by the Japan Wood Products Information and Research Center. British Columbia's falling market share is a result of a growing preference in Japan for dried lumber and increased competition from Russia and Europe. Statistics for this indicator are updated on a calendar year basis.

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Strong Forest Economy	Increase in wood product sales to Taiwan, China and Korea	N/A	N/A	20% increase	34% increase

This indicator was added in 2003/04, to track the results of work targeted by the Market Outreach Network under Forest Investment. Increasing wood product sales to Taiwan, China and Korea indicates an expansion into new markets for BC wood products. Data are the value of wood exports from Statistics Canada reports of wood exports in dollars. The baseline from which the increase is measured is $87.1 million in 2001. While the increased exports are from a low base, the increase reflects growing demand for BC wood products as a result of strong economic growth and increased efforts to market BC wood products in these countries. Statistics for this indicator are updated on a calendar year basis.

Key Outcome Indicator: *Competitive forest sector*

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Competitive Forest Sector	Ratio of BC forest industry capital investment to depreciation and amortization	<1.0	<1.0	≤1.0	<1.0

This indicator represents the level of investment by forest industry. A ratio less than one indicates that capital is being depreciated, while a ratio greater than one shows that ongoing

new investment exceeds the level of depreciation. A healthy level of capital investment is expected in a competitive forest sector. Capital investment in the BC forest products industry remained low in 2003. Continuing low wood product prices in 2003 combined with US duties have discouraged investment in the industry. Statistics for this indicator are updated on a calendar year basis.

Key Outcome Indicator: *Globally competitive forest sector*

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Globally Competitive Forest Sector	Percentage increase in forestland certified by major forest certification processes	7.7 million hectares	17.4 million	≥10% increase	26%

Major forest certification processes are the Canadian Standards Association (CSA), Forest Stewardship Council (FSC) and Sustainable Forest Initiative (SFI). ISO is excluded. The baseline for this measure was the 7.7 million hectares that were certified in 2001/02. In 2002/03, the number of hectares certified increased by 126 per cent to 17.4 million hectares, and in 2003/04 the increase was 185 per cent from the baseline to 20.0 million hectares. British Columbia continues to lead all Canadian provinces in certification. This helps the forest industry to meet the interests of its customers and demonstrate the province's commitment to sustainable forest management. Statistics for this indicator are updated on a calendar year basis.

Goal 3: Effective and Responsive Forest Manager

The ministry is on track to revitalize itself as the steward of the province's forest resources. While undertaking the many challenges and opportunities involved in this endeavour, it will bear in mind that its core purpose is to ensure that sustainable forest resources deliver sustainable forest benefits for the people of British Columbia. The effectiveness of the organization is dependent upon highly trained and knowledgeable staff who will continue to be responsive and performance-focused.

Key Outcome Indicator: *Public Trust in the BC Forest Service*

Key Outcome	Key Outcome Indicator	2001/02 Benchmark	2002/03 Actual	Published 2003/04 Projection	2003/04 Actual
Public Trust in the BC Forest Service	Percentage of those surveyed who believe the forest service can be trusted to protect and manage our public forests	N/A	60%	≥59%	Survey postponed to 2004/05

Public trust in the Forest Service was measured in Fall 2002 through a telephone survey of the general public in British Columbia. The survey, conducted by BC Stats, followed a random sampling methodology. Due to the costs associated with large-scale surveys, the ministry decided in 2003 to shift this from an annual to a biennial survey. The next survey is scheduled for the Fall of 2004.

Report on Results

This section reports on the ministry's accomplishments and performance measure achievements under each goal, in the context of its core business areas, objectives, and strategies. The objectives are concise results-oriented statements of what service results the ministry intends to achieve in the short-term. The strategies outline the actions that were planned for 2003/04 towards achievement of the objectives and the goals. The performance measures were chosen to indicate the degree of success the ministry has in achieving these objectives and strategies. The accountability for the performance measures and targets resides fully with the Ministry of Forests.

Performance at a Glance

87% (25 out of 29 measures)		**13%** (4 out of 29 measures)	
✔ ✔ **8** performance measures over-achieved	✔ **17** performance measures achieved or substantially achieved	▲ **3** performance measures partially achieved	✘ **1** performance measure not achieved

The ministry established 35 corporate performance measures and targets for 2003/04 to evaluate ministry performance in its core business areas. Four of the measures were substantially changed during the year, and two other measures, both requiring client surveys, had the surveys postponed until 2004/05. Of the remaining 29 measures, 87% (25) had targets that were substantially achieved (>80% to 95%), achieved (95% to 105%) or over-achieved (>105%). Thirteen per cent had targets that were partially achieved (50 to 80%) or not achieved (<50%). Explanations of each measure and its performance target achievements are provided in the following sections.

For quick reference, Appendix 3 illustrates the links between goals, objectives, strategies and performance results in a summary format.

Goal 1: Sustainable Forest Resources

Core Business Area 1: Forest Protection

Objective 1.1: Prevent and manage unwanted wildfire, pests and disease to ensure that forest and range resources are protected.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Ensure fire preparedness and rapid effective initial attack	Per cent of unwanted wildfire contained at less than four hectares	91%	93%	92%	91.8%	0.2%	Achieved

This is a measure of the ministry's success rate of initial attack on wildfire that is unplanned or accidental, and has the potential to cause damage to or loss of timber, range or public resources. If containment is kept to under four hectares, damage and costs for fire suppression are kept to a minimum. Data are from the ministry's Historical Fire Statistics Database.

Abnormally hot, dry weather during the summer of 2003 resulted in over 2,500 wildfire starts over the province, mostly in the Interior. While forest fires occur in British Columbia every year, there were over 100 fires that threatened communities in 2003, of which 22 became very significant.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Early detection and treatment of insect infestations	Per cent of Crown forest aerial surveyed for insect infestations	100%	100%	100%	100%	0%	Achieved

Annual province-wide aerial surveys are used to monitor forest disturbances caused by insects, diseases, animal, and abiotic factors. The findings of these surveys are posted on the ministry website for access by licensees and ministry staff. The data are used to track damage trends, estimate impacts on forest resources, plan management activities strategically, and direct more detailed surveys.

The overview survey was completed as planned.

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Early detection and treatment of insect infestations	Per cent of high priority bark beetle infestation sites treated by MOF	Baseline to be established	88%	N/A	Achieved
Early detection and treatment of insect infestations	Per cent of high priority areas treated to manage defoliator outbreaks	Baseline to be established	Gypsy Moth N/A All Others 99%	N/A	Achieved

High priority bark beetle sites present an opportunity to stop or reduce the rate of spread by conducting detailed aerial and ground surveys, treating small infestations using felling and burning, setting up pheromone trap trees, or other methods. By agreement with the Ministries of Water, Land and Air Protection, and the Ministry of Sustainable Resource Management, MOF is responsible for treatments in parks and protected areas.

The 2003 provincial overview survey identified 4.1 million hectares as infested by mountain pine beetle (red attack areas, prior to the beetle flight). The total infested volume, cumulative over three years was 173.5 million cubic meters (data provided by the Council of Forest Industries). Despite the exponential expansion of the bark beetle infestation in 2003/04, the per cent of sites that could be treated by MOF was relatively high due to increased funding from the Forest Investment Account, and a drop in the number of sites that presented an opportunity to stop or reduce the rate of spread. The expansion is expected to continue into 2004/05.

In 2003/04, gypsy moth related activities were limited only to monitoring, and no treatments were required. MOF assists the Federal Canadian Food Inspection Agency (CFIA) in monitoring for new introductions of gypsy moth throughout British Columbia. No evidence of breeding gypsy moth populations were located in 2002 thus no treatments were necessary. In the summer of 2003, positive trap catches followed by the discovery of egg masses in the fall resulted in treatments planned by MOF for April and May 2004.

Treatment at the 99 per cent level for other defoliators equates to treatment of all high priority areas, with non-treated areas within allowable tolerances. Defoliators included western spruce budworm and western hemlock looper, which remained active throughout the Interior and Coastal regions. Western spruce budworm continued to expand in 2003 to cover 522,236 hectares of Douglas fir forest from Williams Lake south to Princeton in the Southern Interior Region and Pemberton in the Coastal Region. A total of 21,840 hectares of budworm were treated with *Bacillus thuringiemsis* var. *kurstaki (B.t.k.)*. The western hemlock looper continued to defoliate old growth western hemlock and Interior Douglas fir stands for the third year of its projected 4-year outbreak cycle. Approximately 10,015 hectares of high priority forest (e.g., caribou habitat) being defoliated by the looper were treated with *B.t.k.*

Core Business Area 2: Stewardship of Forest Resources

Objective 2.1: Monitor the health of forests and grassland ecosystems in the province.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Regularly evaluate and publish information on the state of the forests in BC	Status of the State of the Forest (SOF) Report	SOF Report with 6 indicators	90% complete	10%	Substantially achieved

The State of the Forest report will provide a periodic assessment of the state of British Columbia forests, aligning with national criteria and indicators of sustainable forest management. The report is expected to be released on the Ministry of Forests' website in the summer of 2004. The six indicators are in three categories:

- Environmental: Ecosystem diversity and Protected forests
- Economic and Social: Timber harvest and First Nations involvement
- Governance and Support: Law and Certification

Objective 2.2: Ensure performance standards for managing timber, forage, bio-diversity, water, soil, forest habitat, and scenic resources are established and evaluated.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Implement and regularly review results-based legislation that encourages exemplary management of all forest resources by licensees	Number of completed effectiveness evaluations of the legislation	3	3	3	3	0	Achieved

Effectiveness evaluations are field reviews of the *Forest Practices Code of BC* and *Forest and Range Practices Acts*. They are used to determine whether policies, plans or practices are resulting in the desired objectives being met; that is, if they are effective. These reviews are necessary to achieve ongoing improvement to the ministry's policy and legislation framework.

The three evaluation projects carried out in 2003/04 were:

1. Wildlife Trees Phase II. This was the second part of a wildlife tree evaluation started in 2002. The report for this evaluation will be published in the summer of 2004.
2. Cutblock Size. This project evaluated cutblocks harvested between 1996 and 2002 to determine average cutblock size by district for each region with a comparison to the natural disturbance history.
3. Invasive Plants. This was the continuation of an evaluation of invasive alien plants and bio-agents that has been ongoing since 2002. The primary deliverable is measuring the effectiveness of the invasive alien plant program on individual target species.

In addition to the individual evaluations, work was undertaken to implement an efficient and scientifically valid effectiveness evaluation program for the long-term. Effectiveness evaluation indicators, and definitions of attributes that are measured to determine the sustainability or state of a specific resource value, were developed for soils, visual quality, timber, forage, water, riparian, wildlife, biodiversity and one resource feature (Karst).

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Reduce forestry regulation by one-third without compromising environmental standards	Per cent of forestry deregulation achieved (cumulative from 2001/02 baseline)	N/A	3%	23%	50%	+27%	Over-achieved

Deregulation is cumulative from the level of regulation in 2001/02 (the "baseline"). The target of reducing regulation by one-third over three years (by 2004/05) was part of the government's commitment to streamlining government. The Ministry of Forests cumulative deregulation target for 2003/04 was a 23 per cent reduction in regulatory requirements. The ministry achieved this deregulation target on January 31, 2004 by bringing into force the *Forest and Range Practices Act* and its regulations. This brought the ministry's overall regulatory count to 50 per cent of the 2001/02 baseline, exceeding the target for 2003/04 and 2004/05.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Target applied research activities to support scientifically based standards of forest practices on Crown lands.	Client satisfaction with applied research completed by the ministry	N/A	70%	>70%	Not measured in 2003/04	N/A	N/A

The client satisfaction rating is determined by a survey of clients every three years. The results of the 2002/03 Client satisfaction survey are published at: http://www.for.gov.bc.ca/forsci/.

The next client satisfaction survey will take place in 2005/06 through BC Stats.

In addition to ongoing research, the Forest Science Program provided direct technical support for the wildlife tree and cutblock size effectiveness evaluations. The Forest Science Program also collaborated with the Forest Practices Branch in the design of the effectiveness evaluation program and produced indicators and methodologies for riparian and soil effectiveness evaluations. Both sets of indicators were field tested by the Forest Practices Board at the audit (or routine) level.

Objective 2.3: Ensure that forest and range resources are managed and improved on a sustainable basis.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Implement a defined forest area management model for volume-based licenses	Per cent of timber supply areas under defined forest area management	11%*	11%*	25%	Measure discontinued during 2003/04	N/A	N/A

*2001/02 and 2002/03 targets were for areas under Innovative Forestry Practices Agreements. The 2003/04 target is for the Defined Forest Area Management Initiative.

Defined forest area management (DFAM) is where licensees collaborate on an area based forest management plan for the whole of a timber supply area (TSA). Until DFAM legislation is brought into force to make certain aspects of forest health and timber supply analysis an obligation, licensees are under no obligation to collaborate at the management unit level. Licensees in many TSAs have co-operated on a number of activities and initiatives such as the Forest Investment Account and bark beetle management; however, these aspects by themselves are not enough to be considered a good measure of long-term area based forest management. This measure will therefore be removed from the Service Plan, until the DFAM legislation is brought into force and a new measure is developed that better represents this policy direction.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Work co-operatively with forest companies and other stakeholders to implement timber supply analysis within the defined forest area management model	Per cent of timber supply allowable annual cut determinations achieved by their scheduled deadline	83%	80%	75%	83%	+8%	Over-achieved

The Allowable Annual Cut (AAC) for each TSA and TFL is reviewed and determined by the Chief Forester on a periodic basis, normally every five years. This is a measure of the ministry's success at achieving the AAC determination schedule. In 2003/04, the performance target was over-achieved and exceeded.

The chief forester reviewed AACs for four TSAs (Soo, Cranbrook, Kamloops and Kalum TSAs) and six TFLs (TFLs 30, 35, 41, 43, 44, 53). The impacts of catastrophic forest fires and bark beetle infestations on timber supply were a major focus in 2003/04. Four of the determinations resulted in AAC increases aimed at facilitating management and salvage of bark beetle infested stands and fire damaged timber.

2003/04 was the first year of the timber supply review under the defined forest area management (DFAM) process. Under DFAM, licensees have the opportunity to collaboratively complete timber supply analyses for TSAs in support of the chief foresters' legislated mandate to determine AACs. Work on six management units (Arrow, Cranbrook, Invermere, Robson Valley, Fort Nelson and North Coast TSAs) was successfully initiated under the voluntary DFAM model during the year. Full transition to the new DFAM model will be key to improving future performance. In addition to DFAM, the ministry is also investigating alternative approaches to determining AACs (e.g., area-based methods) and encouraging new modelling technologies and analysis tools.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Reforestation through the Forest Stand Management Fund	Volume gain (cubic metres per year) of timber available for harvest in 65 years	322,000	285,563	317,000	288,161	–28,839	Substantially achieved

Volume gain is calculated from the hectares brushed or planted and an average of cubic metre per hectare from Growth and Yield tables. Only activities funded by the Forest Stand Management Fund are included.

In 2003/04, fewer areas than planned were brushed due to the loss of 30 hectares to wildfire. Funding was redirected into purchasing seedlings, and planting part of the burned area originally intended to be brushed. A shortage of seedlings from nurseries and a need to plant at a higher density of seedlings per hectare reduced the total area that could be planted from the expected 1,655 hectares to 1,511 hectares. These shortfalls resulted in the slightly reduced potential volume gain in 65 years.

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Ensure that forage is available to range users through licences or permits	Per cent of available crown range forage under a form of tenure	90%	95%	+5%	Over-achieved

This is a measure of the effectiveness of the ministry's administration of range available for grazing or haycutting. Data on the range forage under tenure are from current records at forest district offices. The total available crown forage is based on historical use and estimates of the potential Animal Unit Months (AUMs) that may be available in a district. Total available crown forage may be overestimated due to forest ingrowth and encroachment, or underestimated where logging may have opened new areas to grazing.

It is generally estimated that the overall level of available forage decreased in 2003/04. This drop is due in part to recent droughts and therefore increased pressure from wildlife grazing.

Of the forage available to be tenured, there was a slight increase in non-replaceable grazing permits (i.e., temporary grazing permits) and several new grazing tenures that contributed to the slightly higher than expected percentage of forage being under tenure.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Manage Forest Service recreation sites and trails through partnership agreements or as user-maintained	Number of Forest Service recreation sites and trails managed under partnership agreements	N/A	N/A	390 sites 165 trails	451 sites 103 trails	+61 sites –62 trails	Substantially achieved overall

This measure identifies the number of sites and trails managed under partnership agreements with the ministry by First Nations, forest companies, local government, outdoor recreation groups and other parties. Sites include campgrounds, day-use areas, cabins, and other recreation facilities.

Forest Service recreation sites and trails not under partnership agreements are available for public use as user-maintained. The ministry district offices keep detailed statistics of sites and trails by category, i.e. managed under agreement (with or without user fees) and user-maintained.

The increase in recreation sites under agreement, over the target figure, was a result of the province providing third-party liability insurance to agreement holders. In the first round of advertising for recreation site agreement holders, there was limited interest by potential agreement holders. Once insurance was provided, there were more parties interested in entering into a partnership agreement to manage recreation sites.

The target figure for the number of trails managed under agreements was not achieved because processing and negotiating agreements has taken more time and resources than anticipated.

In 2001/02 and 2002/03, the total number of recreation sites and trails managed by the ministry was tracked. The 2003/04 measure represents the transition to a new model of delivery using partnership agreements. In 2004/05, the measure changes again to the total number of recreation sites and trails available for public use, independent of how they are managed.

Core Business 3a: Compliance and Enforcement

Objective 3a.1: Promote compliance and ensure statutory obligations are enforced.

Strategies, Performance Measures and Results

Strategy	Performance Measures	2003/04 Target	2003/04 Actual	Variance	Achievement
Implement a new compliance and enforcement regime for the *Forest and Range Practices Act*	Per cent of high and very high priority sites inspected for forest and range practices compliance	91%	82.6%	–8.4%	Substantially achieved
	Per cent of alleged compliance contraventions successfully concluded	80%	84.3%	+4.3%	Over-achieved
	Per cent of alleged enforcement contraventions successfully concluded	80%	56.6%	–23.4%	Partially achieved

Inspections, or site visits are targeted to very high and high priority sites where environmental, social and/or economic values have been identified as being at high risk. Data for compliance are from the Compliance Information Management System. Data for enforcement actions are from the Enforcement, Administrative Review and Appeal Tracking System.

The 82.6 per cent achievement for inspecting high and very high priority sites for forest and range compliance is considered very satisfactory in a year when five different vintages of forest practices legislation have been active on the same landbase. These were: *Forest Act*, *Forest Practices Code of British Columbia Act*, *Forests Statutes Amendment Act (No. 2), 2002* (Bill 75), *Forest and Range Practices Act* (Bill 74), and the code pilot projects established by regulation under Part 10.1 of the *Forest Practices Code of British Columbia Act*. The temporary

increase in complexity has been a challenge that will continue during the transition to the *Forest and Range Practices Act*, which ends on December 31, 2005.

Alleged compliance contraventions were successfully concluded as expected during the year. While there are generally less alleged enforcement contraventions, these are often escalated to a level that requires substantial work to conclude successfully.

In 2003/04, the requirement for compliance and enforcement staff to provide fire-fighting support delayed work on some investigations and concluding some alleged enforcement contraventions. Moreover, contraventions introduced late in the year can not be expected to be concluded by year-end. The ministry will be re-examining the measure and the target for future changes that more adequately communicate performance of this strategy.

Core Business 4a: Forest Investment

Objective 4a.1: Ensure that forest investments contribute to sustainable forest management at the Management Unit level.

2003-04 Forest Investment Account (FIA) program highlights and key accomplishments are provided in Appendix 2.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Actively foster sustainable forest management through strategic planning and information gathering	Percentage increase in provincial resource inventory information	Baseline to be established	Measure discontinued during 2003/04	N/A	N/A

Provincial resource inventories eligible for FIA funding include ten different inventory types. Licensees collect this information. Establishment of a baseline was not achieved and will not be pursued. Since licensees are free to establish local priorities from among the full array of eligible landbase activities, including inventories, it is not possible to generate a meaningful target for this measure. Additionally, an annual funding cycle and unexpected reductions to FIA Land-Base Investment Program funding, as was experienced in 2003/04, constrains licensees' abilities to plan and implement priorities on a consistent basis. This results in activities being postponed or modified to reflect the amount of funding available.

The amount of newly acquired resource information that ultimately will lead towards improved land use planning and decision-making on Crown land will still be reported on an annual basis. This is reported in Appendix 2 for 2003/04.

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Improve the public forest asset base through landbase and tree improvement activities	Volume gain (cubic metres per year) of timber available for harvest in 65 years	Baseline to be established	Measure discontinued during 2003/04	N/A	N/A

This measure combines the volume gain from land-based activities under the FIA Land-Base Investment Program and tree improvement activities funded jointly by MOF and FIA.

A baseline for volume gain from land-based activities was not established in 2003/04 and will not be pursued. Since licensees are free to establish local priorities from among the full array of eligible landbase activities, it is not possible to generate a meaningful target for this component of the measure. Additionally unexpected reductions to FIA LBIP funding, as was experienced in 2003/04, constrains licensees' abilities to plan and implement priorities on a consistent basis. This results in activities being postponed or modified annually to reflect the amount of funding available.

Accomplishments for land-based activities funded by FIA that contribute to growing higher quality second growth stands faster on Crown lands available for timber production will still be reported annually. This information is provided in Appendix 2 for 2003/04.

Volume gain from tree improvement activities will continue to be tracked as a separate measure starting in 2004/05. This measure is based on the quantity and quality (genetic worth) of select seed used in planting. The baseline projected volume gain was 1.67 million cubic metres in 2002/03. In 2003/04, projected volume gain from tree improvement activities was 1.85 million cubic metres, exceeding the level planned for the year of 1.7 million cubic meters.

Goal 2: Sustainable Forest Benefits

Core Business 3b: Compliance and Enforcement

Objective 3b.1: Promote compliance and ensure statutory obligations are enforced.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Implement a new compliance and enforcement regime for pricing and revenue	Per cent of high and very high priority inspections for pricing and revenue compliance	95%	83%	–12%	Substantially achieved

Inspections, or site visits are targeted to very high and high priority sites where environmental, social and/or economic values have been identified as being at high risk. Data are from the Compliance Information Management System.

The shortfall in achieving this target is attributed to the need to maintain a higher level of effort than expected on forest practices inspections due to the transition to the new *Forest and Range Practices Act*. This resulted in the planned increase in effort expended on pricing and revenue activities proceeding at a more cautious pace than initially anticipated. Clarity with respect to new definitions and targets for this measure was not achieved until mid-year and this has contributed to the slightly lower than expected achievement. As a result, the target in the 2004/05 Service Plan has also been adjusted to the more realistic 85 per cent.

Core Business 4b: Forest Investment

Objective 4b.1: Promote greater returns from the utilization of public timber through secondary manufacturing and marketing of BC forest products.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Develop and implement new international marketing initiatives	Measured by the Key Outcome Indicator — Per cent increase in wood product sales to Taiwan, China and Korea — see Page 31				

Core Business 5: Pricing and Selling the Timber

Objective 5.1: Maintain access to export markets for British Columbia forest products.

After recessions in many areas, the world economic situation improved in 2003/04; the International Monetary Fund estimate of world GDP growth rose to 3.9 per cent in 2003 and is projected to be 4.6 per cent in 2004 as compared to three per cent in 2002. World prices for lumber, plywood and pulp increased substantially over 2003/04, but the Canada/US exchange rate appreciation in 2003 dampened some of this increase for Canadian producers. European exports to the US lumber market, while still quite small, have increased significantly since the introduction of the countervailing and antidumping duties. Competition from Russia and other former USSR countries in world forest product markets is expected to grow over the next decade and may threaten some traditional British Columbia markets.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Continue to pursue free access for British Columbia forest products to the United States	Measured by the Key Outcome Indicator — British Columbia's share of the US softwood lumber market — see Page 30 and 31				

Objective 5.2: Ensure that the public receives fair value for the use of its forest and range resources now and in the future.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Implement a market-based pricing system to generate appropriate revenues to the Crown	Status of implementation of market-based pricing system	N/A	Government decision on appropriate system. System not implemented.	Implement	MPS on Coast. Implemented Feb 29, 2004.	MPS Interior implementation now planned for 2004	Partially achieved

The Coastal Market Pricing System was finalized and implemented on February 29, 2004.

Interior analysis is ongoing with the forest industry, and no further implementation decision has yet been made by the government. The revised schedule projects implementation of an Interior Market Pricing System by the end of 2004.

Objective 5.3: Provide opportunities to generate wealth from forest resources.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Ensure that timber apportioned in TSAs is available to licensees through tenure	Per cent of timber supply area AAC under a form of tenure	97%	97%	96%	94.7%	-1.3%	Achieved

This is a measure of the effectiveness of the ministry's apportionment of the Annual Allowable Cut (AAC) within a timber supply area to various programs, and its issuance of tenures under these programs. Tenures are issued under programs such as forest license and for community forest agreements. Tree farm licences, woodlot licences and tenures under the BC Timber Sales program are not included. Data are from the Apportionment System.

The slight reduction in achievement is attributed to large AAC uplifts to address the mountain pine beetle epidemic in some of the Southern Interior timber supply areas. This increased the administration needed to make this timber available to licensees through tenure.

One of the strategies added during the course of 2003/04, which contributes to the achievement of the above objective, was the refocusing of the Small Scale Salvage Program to be more market-based. The strategy was slightly revised during the year (see the Strategic

Shifts section, page 20), but the ministry well exceeded its goals to sell 210,000 cubic metres of timber and generate revenue of $2.5 million.

Objective 5.4: Provide a reliable and safe forest road network through legislation, policy and standards.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Maintain priority public use Forest Service Roads until 2005	Kilometres of Forest Service Roads maintained by the ministry to a public use standard	9,356	1,166	1,149	1,271	+122	Achieved

This measure is for Forest Service Roads (FSRs) that the District Manager maintains. The Ministry of Forests maintains Public Use FSRs that access year-round communities or are school bus routes. Public Use FSRs do not include roads that provide access to isolated residences or cabins, commercial operations, parks or recreation sites, permitted or BC Timber Sales managed roads, closed roads and wilderness roads. The variance of 122 kilometres represents a more accurate number of kilometres rather than an over-achievement of maintenance performed by the ministry. Data on Forest Service road maintenance are from current records at forest district offices.

Objective 5.5: Increase First Nation participation in the forest sector and ensure forestry operations respect First Nation interests on the landbase.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Negotiate consultation agreements with First Nations	Number of agreements	64	47 consultation agreements and 22 accommodations agreements	+4	Over-achieved

The ministry works to establish agreements with First Nations to ensure that Crown land and resource decisions are informed by First Nations.

At the beginning of 2003/04, the government announced that it would be sharing forest revenues and creating greater access to timber for First Nations. The ministry developed a policy framework, the First Nations Forest Strategy, around these new tools and about halfway through the year, began implementing this initiative through the negotiation of forest and range agreements. Twenty-two agreements were concluded in the second half of the year. These agreements incorporated consultative arrangements, and therefore are

considered part of the achievement of the consultation agreement performance measures in 2003/04.

In the future, consultation agreements will be largely incorporated into accommodations agreements, and therefore this measure was changed, beginning with the 2004/05 Service Plan, from the "number of consultation agreements" to the "number of accommodation agreements".

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Increase First Nations participation in the Forest Sector	Number of tenures offered to First Nations	19	32	+13	Over-achieved

To increase First Nations participation in the Forest Sector, under the *Forest Act* the Minister may invite, without competition, applications from First Nations for a forest tenure. This performance measure is the number of invitations from the Minister.

More tenures were offered than expected in 2003/04, due to the introduction of the First Nations Forest Strategy. The strategy allowed for tenures to be offered through accommodation agreements as well as interim measures, treaty-related measures, and economic measures agreements between First Nations and the province.

Core Business 6: BC Timber Sales

Objective 6.1: Make BC Timber Sales (previously the Small Business Forest Enterprise Program) more effective and put it on a commercial footing.

To make itself more effective and put it on a commercial footing during the year, BC Timber Sales:

- Implemented a three-year business plan that will put BC Timber Sales on a net revenue basis; and
- Changed its financial accounting treatment for sales inventories and the silviculture liability to more appropriately reflect the multi-year nature of a timber sale and to more accurately capture labour costs.

In support of the ministry's initiative of revitalizing the forest sector, BC Timber Sales implemented a significant legislative and regulatory change agenda. It completed the alignment of its legislation and regulations with the government's Forest Revitalization Initiative with the passing of Bills 27 [*Forests Statutes Amendment Act, 2003*], 29 [*Forest Revitalization Amendment Act*], and 45 [*Forest (Revitalization) Amendment Act (No.2), 2003*], as well as the complementary regulatory changes in 2003 and the completion of a smaller package of legislation and regulations in 2004.

BC Timber Sales made substantial progress towards the achievement of its strategy to certify operations to support market access and excellence in forest stewardship. During the year, an ISO 14001 certificate was recommended for all three forest districts in the

Chinook Business Area (Chilliwack, Squamish and Queen Charlotte Islands). As well, the Fort St. John Timber Supply Area within the Peace Liard Business Area achieved Canadian Standards Association (CSA) certification. In 2004/05 BC Timber Sales will continue with its current ISO certification efforts and expand the implementation of the Environmental Management System (EMS) across the province by 2005/06.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Provide a credible reference point for costs and pricing of timber harvested from public land in BC	Average cost per cubic metre of volume sold	N/A	N/A	$13.09	$12.19	–$0.90	Over-achieved

The average cost per cubic metre of volume sold (total operating costs (cash basis) divided by total timber volume advertised) is a measure of BC Timber Sales' performance in containing costs and providing a credible reference point for costs and pricing of timber. Contracting efficiencies and other operational cost containment strategies during the year contributed to the achievement of significant budget savings which, combined with a slight over-achievement in the volume of timber advertised resulted in BC Timber Sales exceeding its target by 6.9 per cent. BC Timber Sales' operating costs are recorded in CAS while Timber Sales offices track the volume advertised.

This measure is being replaced in 2004/05 by "average cost per cubic metre of volume developed". This change from volume sold to volume developed is to reflect that costs are incurred for development of a timber sale rather than its sale.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Generate the best possible revenue to the province, recognizing the above strategy	Net revenue measured by Key Outcome Indicator — Crown net revenue generated from BC Timber Sales in $ billions — see Page 30						

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Provide opportunities for customers to purchase timber in an open and competitive market	Per cent of BC Timber Sales volume advertised for sale	97%	99%	100%	104%	+4%	Achieved
	Per cent of sales refused	N/A	9% (target)	2%	19%	+17%	Not achieved

The per cent of volume advertised for sale (the total volume offered for sale) is a measure of BC Timber Sales' success in providing opportunities for customers to purchase timber in an open and competitive market. In spite of an unusually severe fire season and poor deciduous markets, BC Timber Sales was able to provide extensive opportunities to purchase timber by advertising 11.2 million cubic metres, slightly exceeding its target volume of 10.6 million cubic metres by 2.8 million cubic metres or four per cent.

The per cent of sales refused (volume of sales refused divided by volume advertised) is an indicator of market conditions and prices and is tracked by Timber Sales Offices. An oversupply of lower quality timber in beetle management zones, and depressed prices for lumber during the year contributed to the lack of demand in the market and resulting high precentage of sales refused. Approximately 60 per cent of the sales volume refused occurred in three business areas located in the north and central areas of the province. These are the areas most affected by the mountain pine beetle epidemic. In the Fall of 2003 the market was also substituting lower-priced timber for BC Timber Sales volumes.

Mitigation strategies to reduce the volume of sales refused in 2004/05 include client and licensee consultation (e.g., Public Advisory Board), and improvements to sales scheduling and packaging. However, the per cent of sales refused is an indicator that is for the most part not under the control of BC Timber Sales, as market conditions will affect results.

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Meet or exceed all requirements of the *Forest and Range Practices Act*	Instances of significant non-compliance with the *Forest and Range Practices Act*	0	1	+1	Substantially Achieved

This measure shows BC Timber Sales' success in practicing sound forest management. During the year the Forest Practices Board noted one instance of significant non-compliance with the *Forest and Range Practices Act* in its audit findings for one program business area. The Forest Practices Board is the independent watchdog of forest practices within BC. The audit finding was related to the accuracy of silviculture reporting of free-growing declarations — a transition issue associated with the move from the Small Business Forest Enterprise Program to BC Timber Sales. Although the Board's final report has not yet been issued, BC Timber Sales has taken steps to rectify the issue and has implemented standard operating procedures and a new management information system to prevent future occurrences.

Goal 3: Effective and Responsive Forest Manager

Core Business 7: Executive and Support Services

Objective 7.1: Ministry legislation will align with government and ministry policy direction.

In 2003/04, the Ministry of Forests managed a very large policy and legislation agenda in support of achieving government direction for the ministry's two primary goals.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Prepare legislation required to implement government and ministry policy	Number of key legislation documents prepared for government approval	4	9	+5	Achieved

The ministry prepares key legislation documents associated with forest policy changes and amendments to current legislation as needed to facilitate forest policy changes.

2003/04 was a significant year for the ministry's legislation program. A total of 96 Orders in Council were needed to manage the significant agenda for the ministry. The nine key documents prepared in 2003/04 included four new Acts and five significant Amendment Acts. The extensive changes required to the *Forest Act* were achieved through four separate bills (Bill 27, 29, 44 and 45) rather than through one as anticipated in the target. This change largely accounts for the apparent over-achievement in the number of documents prepared.

New Acts:

- *Foresters Act* (Bill 5)
- *Forests Statutes Amendment Act, 2003* (Bill 27)
- *Forestry Revitalization Act* (Bill 28)
- *Forest (Revitalization) Amendment Act, 2003* (Bill 29)

Amendment Acts:

- *Forests Statutes Amendment Act, 2003* (Bill 27)
- *Forest (Revitalization) Amendment Act, 2003* (Bill 29)
- *Forests Statute Amendment Act (No. 2), 2003* (Bill 44)
- *Forest (Revitalization) Amendment Act (No. 2), 2003* (Bill 45)
- *Forest and Range Practices Amendment Act, 2003* (Bill 69)

In addition, 11 *Forest and Range Practices Act* regulations were developed and brought into force, effective January 31, 2004.

Objective 7.2: Be a leading edge forest sector employer.

In 2003/04, the ministry was still engaged in workforce adjustment with significant numbers of staff learning new job functions. The ministry began a number of initiatives to aid employees in adjusting to the organizational changes. A ministry wide health and wellness program that encompasses all aspects of health and wellness was initiated with the intent to reduce absences due to stress-related illnesses. Work also began on a ministry succession plan to begin to mitigate some of the future retirement pressures facing the organization and to assist employees in planning for their future within the ministry.

With workforce adjustment concluding, the ministry executive and senior managers have begun to focus on building and developing the ministry into becoming a top performing organization. The major accomplishments in this area have been the initiation of employee performance and development planning which aligns employees' work, learning and career development with the goals and objectives of the organization. During the year, the organization committed to engaging employees to review the vision of the ministry, developing leadership potential, shifting to a continuous learning organization, developing an integrated health and wellness program, and developing and implementing a workforce/succession planning framework.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2003/04 Target	2003/04 Actual	Variance	Achievement
Implement succession planning and training to attract and retain highly qualified staff	Average number of training hours per year per employee	≥29	20	–9	Partially achieved
	Per cent of critical positions with current competency profiles and succession plans in place	50%	52%	+2%	Achieved
	Per cent of staff satisfied with their employment with the ministry	>59%	Survey postponed to 2004/05	N/A	N/A

The average number of training hours measures the amount of time spent on training and commitment to employee development. The measure is calculated from the Corporate HR Information and Payroll System (CHIPS). A substantial training effort was undertaken in 2003/04 to prepare staff, forest industry and consultants for the changes under the new *Forest and Range Practices Act* (FRPA). Over 4,000 people attended 2.5 days of FRPA training within a short time frame.

The shortfall in training reported for 2003/04 is attributed to budgetary constraints, to the significant fire control efforts that took staff away from regular duties, and to data management issues. Due to administrative staff changes, new online training initiatives and reorganization, not all of the data on training taken could be entered into CHIPS in a timely manner.

The percentage of critical positions with competency profiles measures and identifies the level of capacity (subject matter and behavioural competencies) within the ministry for "critical" positions. It also identifies gaps that will need to be addressed in succession plans. The measure is calculated from the HR Strategic Database.

The per cent of staff satisfied with their employment measures the overall level of organizational wellness and employee satisfaction with their employment in the ministry. It is calculated from the annual Workplace Survey/Questionnaire. In 2003/04 the ministry decided to delay the survey until the fall 2005 to redirect effort into rebuilding and revitalizing the ministry. The ministry's ability to move ahead with its revitalization

strategies was balanced with the requirement of finalizing workforce adjustment in the fall of 2003. The ministry Executive expects the fall 2005 survey to provide important information to validate that revitalization work is on track.

Objective 7.3: Regularly assess the performance of the organization and incorporate a culture of efficiency and positive change to ensure achievement of our mandate.

Strategies, Performance Measures and Results

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Fully implement an integrated performance management and budgeting framework in the ministry	Per cent of corporate performance measure targets achieved	90%	86%	95%	87%	–8%	Substantially achieved
	Per cent of expenditure targets achieved	100%	100%	100%	100%	0%	Achieved

These two measures are intended to provide an assessment of the ministry's achievement of performance and financial targets together. If either target was not achieved or only partially achieved this would indicate issues in the integration of the performance management framework. Substantial achievement of both reflects that the framework is becoming more integrated, although ongoing work is required to achieve this strategy.

The per cent of corporate performance measures targets achieved is a summary measure of the ministry's overall performance. It excludes projections for key outcome indicators. In 2003/04, 87 per cent, or 25 of the ministry's 29 corporate performance measures were substantially achieved, achieved or overachieved (>80% of target), three measures were partially achieved (between 50% and 80% of target), and one was not achieved (less than 50% of target).

Expenditure or budget targets are assigned to the Assistant Deputy Minister for each Division. All Divisions achieved their approved budget targets (as revised throughout the year). Overall, the ministry achieved its financial targets, with expenditures within 1 per cent of the approved spending plan.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance[1]	Achievement
Refine ministry business processes and practices to meet the highest standards of efficiency and effectiveness	Per cent of business areas redesigned to align with the refocused mandate	N/A	40%	75%	Measure discontinued in 2003/04	N/A	N/A

The intent of introducing this performance measure in 2002/03 was to reflect the 3-year transition to the ministry's refocused mandate resulting from the government's Core Business Review. The goal was to review and redesign 100 per cent of ministry business areas over the three years from 2002/03 to 2004/05.

However, in 2003/04 it became apparent that there was a greater need to focus Continuous Improvement processes around the ministry's major revitalization projects, and this was implemented. The above measure therefore became irrelevant and the ministry stopped tracking its achievement. The continuous improvement initiative has been incorporated into the ministry's regular business practice and implementing best practices and improving business processes will be ongoing.

Strategy	Performance Measure	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	2003/04 Variance	Achievement
Maximize the benefits derived from the application of technology to ministry business	Increase in the number of major client services available electronically	N/A	3	2	3	+1	Over-achieved

Electronic services are those provided to external clients via an Internet link. In 2003/04 the automated transmission of appraisal data from licensees (the Electronic Commerce Appraisal System or ECAS), the automation of billing inputs in the Harvest Billing system (HBS) and the automation of seed requests from the tree seed center (SPAR) were added.

ECAS went into full production on April 1, 2004. At early May 2004, there were 3,000 registered users (major licensees, BC Timber Sales and MOF staff) and approximately 500 appraisal data submissions had been received and processed with minimal staff intervention. Historically these submissions would have required MOF staff to manually receive, review, and input into the General Appraisal System (GAS). Early feedback indicates that the application has created efficiency where it was previously lacking and that both industry and MOF staff have embraced it.

HBS went into production in December 2003. The ministry has been receiving scale data electronically since March 2003. At the end of 2003/04, HBS was receiving approximately 55 per cent of harvested volumes electronically through HBS. HBS is invoicing industry electronically and many industry and public clients' now use HBS to extract harvest information on a regular basis.

SPAR was fully deployed in May 2003. It provides external and internal clients with direct online access to the provincial registry of forest tree seed and a comprehensive seedling ordering system for meeting annual reforestation needs. At the end of 2003/04, approximately 330 external clients are using SPAR, and had entered 3,366 seedling requests for the year. SPAR also supports all gene resource management activities of the ministry, tracks performance measure data, and provides information to support timber supply analysis. The Forests Genetics Council (FGC) also relies on SPAR to provide summary information to enable the FGC to meet its strategic goals.

Deregulation

One of the major *New Era* commitments made by the government was to reduce regulatory burden and red tape in British Columbia by one-third within three years. Deregulation is a key component of the government's effort to revitalize the economy and ensure a globally competitive climate.

In November 2001, the Minister of State for Deregulation sent out a request that each ministry prepare and submit a three-year deregulation plan by January 31, 2002. These plans set out how each ministry will review its existing regulatory burden to eliminate unnecessary requirements or reform requirements that remain necessary. The Ministry of Forests deregulation plan set a target of 33 per cent reduction in regulatory requirements by fiscal year 2004/05.

The Ministry of Forests cumulative deregulation target for 2003/04 was a 23 per cent reduction in regulatory requirements. The ministry achieved this deregulation target on January 31, 2004 by bringing into force the *Forest and Range Practices Act* and its regulations. By focusing on practices on the ground, the regulatory requirements from the existing *Forest Practices Code* were reduced by 55 per cent. The Ministry of Forests overall regulatory count dropped to about 50 per cent, exceeding not only the deregulation target of 23 per cent for fiscal year 2003/04, but exceeding the final 2004/05 target of 33 per cent reduction in regulatory requirements.

Report on Resources

Resource Summary by Core Business Areas

	Estimated[1]	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Forest Protection	100,266	315,450	370,830	374,034	(3,004)
Stewardship of Forest Resources	50,882		50,882	40,239	10,643
Pricing and Selling the Timber	70,600	16,000	86,600	86,868	(268)
Compliance and Enforcement	30,048		30,048	27,307	2,741
Executive and Support Services	64,924		64,924	72,113	(7,189)
BC Timber Sales	138,179	(53,713)	84,466	84,466	0
Forest Investment	110,000		110,000	109,374	626
Total	**564,899**	**277,737**	**842,636**	**839,088**	**3,548**
Full-time Equivalents (FTEs)					
Forest Protection	626		626	880	(254)
Stewardship of Forest Resources	442		442	442	0
Pricing and Selling the Timber	699		699	699	0
Compliance and Enforcement	317		317	317	0
Executive and Support Services	541		541	567	(26)
BC Timber Sales	441		441	422	19
Forest Investment	4		4	4	0
Total	**3,070**	**0,000**	**3,070**	**3,331**	**(261)**
Ministry Capital Expenditures (CRF) ($000)					
Forest Protection	2,910		2,910		
Stewardship of Forest Resources	3,178		3,178		
Pricing and Selling the Timber	4,933		4,933		
Compliance and Enforcement	2,366		2,366		
Executive and Support Services	2,103		2,103		
BC Timber Sales	680		680		
Forest Investment	0		0		
Total	**16,170**	**0,000**	**16,170**	**0,000**	**0,000**
Other Financing Transactions ($000)					
BC Timber Sales Receipts:					
Disbursements (capital)	(680)		(680)	(729)	49
Disbursements (other)	(34,610)	(11,004)	(45,614)	(45,614)	0
Total Net Cash Source (Requirement)	**(35,290)**	**(11,004)**	**(46,294)**	**(46,343)**	**49**

[1] The 'Estimated' amounts correspond to the *Estimates* as presented to the Legislative Assembly on February 18, 2003.

Comments

In 2003/04 the ministry received additional funding for direct fire-fighting costs due to the severity of last year's fire season.

BC Timber Sales under-expended their budget by $53 million, which allowed them to return $101 million in net revenue back to government.

Variances reflect the impact of the following:

- Redefinition of costs reported under each Core Business Area;
- The ministry's over-consumption of FTEs utilized for the severe fire season;
- A delay in the start up of new administration for the South Moresby Forest Replacement Account;
- Approved re-distribution of expenditures between Core Business Areas to respond to operational requirements such as softwood lumber legal costs and the response to the Filmon Firestorm 2003 Provincial Review; and
- Adjustments to Government-wide employee benefit liability.

Appendix 1: Legislation

The main statutes for which the Forest Service has responsibility are as follows:

Forest and Range Practices Act and *Forest Practices Code Act of BC*

In January 2004, the *Forest and Range Practices Act* and its regulations were brought into force. The Act provides for a transition period in which operations under the *Forest Practices Code of British Columbia Act* and its regulations are allowed to continue in accordance with that Act and its regulations. By January 2005, all forestry operations will be solely under the *Forest and Range Practices Act*.

The *Forest and Range Practices Act* is less process oriented and more results specific, and it will enable the Forest Service to:

- Establish stewardship standards for forest and range practices;
- Ensure that the legislated requirements for sustainable forest practices are followed;
- Meet the requirements for higher level plan objectives established through strategic planning; and
- Carry out compliance and enforcement activities to ensure stewardship standards are met.

Forest Act

The *Forest Act* provides the Forest Service with the authority to:

- Determine an allowable annual cut for Crown land in each timber supply area and for each tree farm licence, woodlot licence and community forest agreement area,
- Enter into and administer agreements that authorize timber harvesting,
- Establish requirements for timber marking, scaling and marine log salvage,
- Determine the amount of stumpage to be paid on Crown timber and levy waste assessments for merchantable Crown timber that a licensee chooses not to harvest,
- Levy annual rents,
- Require Crown timber to be used or manufactured in the province unless exempted by order in council, and
- Undertake or authorize road construction, maintenance or use.

Major changes to the *Forest Act* during 2003/04 included:

- Enabling a move to defined forest area management;
- Implementing a market-based pricing system to generate appropriate revenues to the government;
- Removing restrictions on transfers and consolidation and subdivision of tenures;
- Removal of appurtenancy and processing requirements from replaceable licences, and from non-replaceable licences which have been issued for more than 10 years;

- Reforming the cut control provisions to eliminate annual harvest requirements, five-year minimum harvest requirements and the ability to carry forward unharvested volumes; and
- Establishing BC Timber Sales on a commercial footing.

Ministry of Forests Act

The *Ministry of Forests Act* continues the Forest Service and provides it with a broad and general mandate to:

- Encourage maximum resource productivity;
- Manage resources responsibly to achieve the greatest short and long-term social benefits;
- Practice planned, integrated resource management and use;
- Encourage a globally competitive forest industry; and
- Assert the financial interest of the government.

Range Act

The *Range Act* authorizes the Forest Service to allocate and administer the use of range resources by the livestock industry through grazing and hay-cutting agreements that provide revenue to the government.

Wildfire Act

In November 2003 a new *Wildfire Act* was introduced to replace the protection provisions currently in the *Forest Practices Code of British Columbia Act*. The Act only received first reading and will be reintroduced in the spring 2004 legislative session. The new Act and its regulations will be fully in place for the 2005 fire season.

The new Act will continue the government's right to carry out fire control operations in order to protect public safety and to act in the public interest, including continued support and assistance to local governments, and to enter onto any land, public or private, to carry out fire control operations in that role. The Act will also enable government to enter into cost-sharing arrangements and to have the monies received contribute to fire suppression activities.

Forestry Revitalization Act

The *Forestry Revitalization Act* is an integral part of government's forestry revitalization plan. The Act takes back allowable annual cut from companies with total holdings of tree farm licences, replaceable forest licences, and replaceable timber sale licences in excess of 200,000 cubic metres, and enables government to identify where this volume will come from. The forestry revitalization plan will open up opportunities for new participants in both forest management and wood processing sectors, communities, First Nations, woodlot owners and entrepreneurs, creating a more diversified and innovative forest sector that is better able to provide employment and wealth.

The *Forestry Revitalization Act* provides for one-time funding of $275 million for the transition from the old to the new, stronger forest economy. Forest companies will be fairly compensated for the legal harvesting rights removed from their allowable annual cuts; $200 million has been allocated for this purpose. Forest workers and contractors will have access to a $75 million trust fund for transition assistance.

Appendix 2: Forest Investment Account

Forest Investment Account Overview

The Forest Investment Account (FIA) is a forest-sector investment model, led by government, established to deliver the province's forest investment in an accountable, efficient manner and to assist government in developing a globally recognized, sustainably managed forest industry. Investment dollars have been directed to activities on public land — enhanced forestry, watershed restoration and resource inventories — and marketing and research that supports sustainable forest management and increased allowable annual cuts. Specific amounts have been dedicated to program elements at the provincial level, other amounts have been allocated for disbursement to tree farm license holders and certain types of tenure holders in each timber supply area.

Forest Investment Account Goals

Goal 1: Actively foster sustainable forest management

Goal 2: Improve the public forest asset base

Goal 3: Promote greater returns from the utilization of public timber

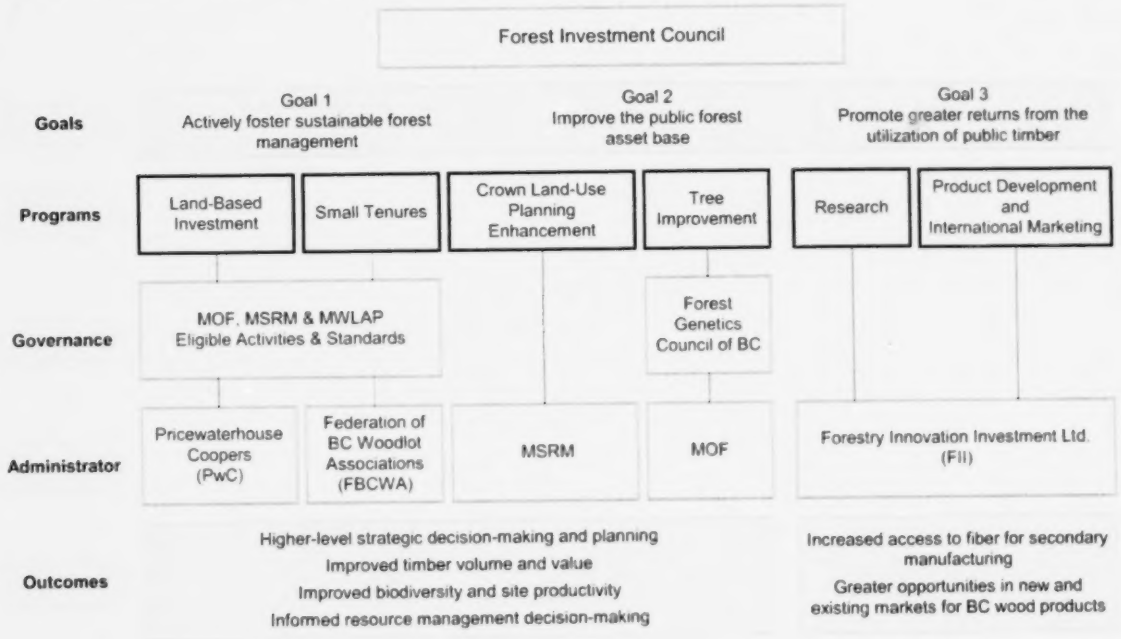
Forest Investment Account Organizational Overview

In 2003/04, the Forest Investment Account comprised the following programs:

- Land-Base Investment Program (LBIP)
- Small Tenures Program
- Crown Land Use Planning Enhancement (CLUPE)
- Tree Improvement Program (TIP)
- Research, Product Development, and International Marketing Programs

The Minister of Forests has decision-making authority for FIA and the Deputy Minister of Forests (MOF) chairs a Forest Investment Council that periodically reviews and makes recommendations on all FIA programs. The Council includes the Deputy Ministers of the Ministry of Sustainable Resource Management (MSRM) and the Ministry of Water, Land Air Protection (MWLAP), three licensee representatives, and one representative from the forest research and technology sector. The Council receives progress reports from program administrators and is responsible for determining whether guidance or restrictions are necessary to ensure that investment choices provide the greatest contribution to the achievement of FIA goals. FIA programs are administered by government or by third parties acting on behalf of government (see Figure 5).

Figure 5. Forest Investment Account Overview



Administration of most FIA activities was provided by private-sector firms rather than by government staff in 2003/04. PricewaterhouseCoopers (PwC) provided day-to-day administration for the Land-Base Investment Program, and Forest Innovation Investment Ltd. (FII) did the same for the Research, Product Development, and International Marketing Programs. The Federation of BC Woodlot Associations (FBCWA) administered the Small Tenures Program.

PwC, FII and the FBCWA ensured that proposed activities met eligibility criteria for FIA funding and constituted an optimum mix of expenditures to promote program objectives. They also provided funds to successful proponents, tracked project delivery, and were responsible for performance and financial auditing.

FII was incorporated on March 31, 2003 under the *Company Act* of British Columbia. The Province of British Columbia, as represented by the Minister of Forests, is the sole shareholder of the company. The company was managed in 2003/04 through a Board of Directors comprised of the Deputy Ministers of Forests, Finance, and Competition, Science and Enterprise, as well as the FII President and Chief Executive Officer. The Research, Product Development, and International Marketing programs operated within the goals and program objectives outlined in the 2003/04 FII Service Plan. The annual report prepared by FII summarizes progress in meeting performance targets laid out in the FII Service Plan at the beginning of each fiscal year. The FII 2003/04 Annual Report is available at http://www.gov.bc.ca/cas/popt/ or http://www.forestry-innovation.bc.ca/.

Highlights and key accomplishments are reported below for the LBIP, the Small Tenures Program, CLUPE, and the Tree Improvement Program.

2003/04 Program Highlights and Key Accomplishments

Forest Investment Account Program Budgets and Actuals

Forest Investment Account			
	Budget	Actual	Variance
2003/04 Program Investments ($000)			
Land-Base Investment Program	70,952	70,084	868
Crown Land Use Planning Enhancement Program	3,238	3,238	0
Tree Improvement Program	3,935	3,922	13
Small Tenures Program	875	835	40
2004/05 Forest Science Program Initialization[1]	N/A	278	(278)
Research Program	12,000	10,964	1,036
Product Development Program	7,000	7,719	(719)
International Marketing Program	12,000	10,531	1,469
FII Administration	N/A	1,314	(1,314)
Contribution Agreements[2]	N/A	120	(120)
Total — Program Expenditures	**110,000**	**109,005**	**995**
Accrual (not realized)	N/A	326	(326)
Total — Public Account Expenditure	**110,000**	**109,331**	**669**
2003/04 Full-time Equivalents (FTEs)			
Total	**4**	**4**	**0**

[1] 2003/04 funding was required to ensure the 2004/05 Forest Science Program was operational for the start of April 1, 2004.

[2] Contribution agreement for Select Seed Ltd. contract.

Land-Base Investment Program

The Land-Base Investment Program (LBIP) provides funding for the forest industry to plan and deliver investments in landbase activities from within seven eligible component areas. Land-based investments contribute to the FIA goals of actively fostering sustainable forest management and improving the public forest asset base in British Columbia by:

- Acquiring better information about forest resources;
- Improving the modeling of forest dynamics;
- Monitoring changes to forest resources;
- Supporting the creation of sustainable forest management plans;

- Supporting the feasibility of third-party certification;
- Funding backlog reforestation and tending of areas denuded before 1987;
- Funding the reforestation of areas denuded by current fire and pest; and
- Reclaiming and enhancing site productivity.

For 2003/04, a portion of LBIP funding was targeted for defined forest area management (DFAM), Dothistroma needle blight, and invasive plant control activities.

Defined forest area management (DFAM): MOF is developing a policy framework to establish the obligations and opportunities for collaborative forest management within the province's 37 timber supply areas (TSA). This framework is commonly referred to as the DFAM initiative. Under DFAM, specified licensees will assume a collective responsibility for timber supply analysis and specified forest health activities within each timber supply area. Although DFAM imposes a collective responsibility, it does not impact on harvesting rights or obligations associated with each forest licence. Enabling legislation to support the DFAM initiative was passed in the spring 2003, but has not yet come into force in order to address unresolved issues related to cost recovery mechanisms, the establishment of standards and the need to ensure sufficient opportunity for licensees to prepare for the delivery of new obligations. This provides a transition period for licensees to voluntarily carry out DFAM activities. During the transition period, funding is provided to DFAM groups through the LBIP to carry out these activities.

Dothistroma: needle blight is a devastating foliar disease of a wide range of pine species. Where environmental conditions favour infection, this disease can spread rapidly and cause significant damage. Trees can be defoliated within weeks, and mortality is common with repeated attacks. Dothistroma needle blight is having a major impact on lodgepole pine stands, both natural and managed, in northwest British Columbia. Over 90 per cent of lodgepole-dominated managed stands have suffered some Dothistroma damage in the area.

Invasive Plants: are typically non-native plants that have been introduced to British Columbia without the insect predators and plant pathogens that help keep them in check in their native habitats. For this reason and because of their aggressive growth, these alien plants can be highly destructive, competitive and difficult to control. The MOF is responsible for treatment of invasive plants on Crown rangeland.

LBIP funding is also provided to MOF, MSRM and MWLAP to establish resource objectives and provincial standards, and to maintain and utilize data generated from land-base investments.

2003/04 Program Investments ($000)			
Land-Base Investment Program			
	Budget	Actual	Variance
LBIP Component Areas			
Information Gathering and Management	N/A	23,088	N/A
Stand Establishment and Treatment	N/A	9,761	N/A
Restoration and Rehabilitation	N/A	7,139	N/A
Strategic Resource Planning	N/A	4,741	N/A
Infrastructure	N/A	1,229	N/A
Gene Resource Management	N/A	176	N/A
Training and Extension	N/A	130	N/A
LBIP Component Areas Total	**46,682**	**46,264**	**418**
DFAM Forest Health Activities	7,468	7,459	9
DFAM Timber Supply Review	1,500	1,175	325
Dothistroma Activities	700	662	38
Noxious Weed Activities	183	182	1
Standards Development & Data Management	11,269	11,359	(90)
LBIP Administration (PwC)	3,150	2,983	167
Total — Program Expenditure	**70,952**	**70,084**	**868**
Accrual (not realized)		326	(326)
Total — Public Account Expenditure	**70,952**	**70,410**	**542**

Key Accomplishments:

Information gathering and management

- A combined total of 59.8 million hectares of new resource information was acquired that ultimately will lead towards improved land use planning and decision-making. This includes an increase in the amount of provincial Crown land area where information relating to terrain stability, terrestrial ecosystems, vegetation resource inventory, archaeology, biodiversity, wildlife, and recreation has been enhanced.
- 336 growth and yield plots were re-measured or established. This information contributes towards estimating future volume and quality of timber yields from our forests supply, updates forest inventories, provides input for forest management planning, evaluate enhanced stand management opportunities, and assesses the impacts of pests and fire on timber yield.

Stand Establishment and Treatment

- Over 15,218 hectares of treatment and 68,996 hectares of surveys were carried out. Activities funded include improved incremental silviculture treatments (i.e., pruning, juvenile spacing, or fertilization), and reforestation of backlog areas (areas denuded prior to October 1, 1987). The investment in these treatments contributes to making stands available for harvest sooner, increasing merchantable volume production and growing higher quality second growth stands.

Restoration and Rehabilitation

- Permanent road deactivation, landslide and gully rehabilitation and assessments on 2,961 km of non-status forest roads (i.e., roads on Crown land that are not being used under any authorization by a government agency), thereby reducing the risk of damage to resources (including environmental, social and economic) within and adjacent to the road location from landslides and other environmental hazards.

Strategic Resource Planning

- Progress continued on 42 landscape unit plans and 19 sustainable forest management plans as well as on over 60 projects related to the development of key indicators and public advisory groups/consultation. This work contributed towards providing the foundation for achieving sustainable forest management by setting goals, indicators and targets for defined forest areas.

Infrastructure

- 136 forest recreation sites and 365 kilometres of forest recreation trails were maintained or established to provide user safety, provide sanitary conditions, protect the environment, provide user access and convenience, and protect investment in infrastructure.
- 2,353 kilometres of maintenance on wilderness roads were assessed to ensure protection of private and public property, and other social and economic values.

Dothistroma Needle Blight

- Over 4,600 hectares of aerial surveys and over 2,200 hectares of ground surveys of areas impacted by Dothistroma needle blight for strategic implementation of stand tending treatments were completed.
- 436 hectares in the Kispiox/Kalum/Cranberry TSAs were reforested and seedlings were purchased to reforest over 240 hectares in 2004/05.

DFAM — Timber Supply Review

- Six TSA timber supply review data packages and five TSA timber supply analysis reports were completed in support of determining allowable annual cuts for TSAs.
- Forest Health Strategies that covered 33 TSAs were completed.

DFAM — Forest Health

- 13.9 million hectares of aerial surveys and over 92 thousand ground surveys for bark beetle management in suppression beetle management units were achieved.

- Over 50,000 approved single tree treatments for bark beetle management in suppression beetle management units were completed.

Small Tenures Program

Funding under the Small Tenures Program is available for eligible landbase activities on Crown land under woodlot license tenure or community forest pilot agreement tenure. The Small Tenures Program provides funding to eligible licensees for activities similar to the LBIP (i.e., enhanced forestry, environmental preservation and restoration, and collection of resource information).

Investments in the Small Tenures Program contribute to the FIA goals of actively fostering sustainable forest management and improving the public forest asset base by:

- Acquiring better information about forest resources;
- Improving modeling of forest dynamics;
- Monitoring changes to forest resources;
- Funding backlog reforestation of areas denuded before 1987;
- Reclaiming and enhancing site productivity; and
- Restoring damaged riparian, terrestrial and aquatic ecosystems.

2003/04 Program Investments ($000)			
Small Tenures Program			
	Budget	Actual	Variance
Information Gathering and Management	N/A	182	N/A
Stand Establishment and Treatment	N/A	530	N/A
Training and Extension	N/A	57	N/A
Infrastructure	N/A	10	N/A
Sub-Total	**818**	**780**	**38**
Program Administration and audits (FBCWA)	57	55	2
Total Program Expenditure	**875**	**835**	**40**

Key Accomplishments:

Information gathering and management

- A combined total of 97,976 hectares of resource information was newly acquired on small tenures (i.e., woodlot licences and community forest pilot agreements) that ultimately will lead towards improved land use planning and decision-making. This includes an increase in the amount of provincial Crown land area where information relating to terrestrial ecosystem, vegetation resource inventory, and archaeology has been enhanced.

Infrastructure

- Repair and maintenance of four forest recreation sites to provide user safety, provide sanitary conditions, protect the environment, provide user access and convenience, and protect investment in infrastructure.

Stand Establishment and Treatment

- Over 6,900 hectares of forest stands were treated within small tenures (i.e. pruned, juvenile spaced, or fertilized). The investment in these treatments contributes to making stands available for harvest sooner, increasing merchantable volume production and growing higher quality second growth stands.
- 52,750 trees were purchased for planting in the spring/summer of 2004 on Crown areas harvested prior to October 1, 1987.

Training and Extension

- 17 woodlot workshops, which focused on the BC framework for the *Forest and Range Practices Act* specific to woodlot licensees, were held with 570 small tenure participants.

Crown Land Use Planning Enhancement

The Crown Land Use Planning Enhancement (CLUPE) Program has been established to augment the province's strategic land use planning program. Strategic land use plans are completed for areas across the province to resolve land use conflicts, identify management priorities and establish resource objectives for specified areas of Crown land. These objectives guide resource management and use and help to identify economic opportunities within the plan area.

Investments in the CLUPE Program contribute to the FIA goal of actively fostering sustainable forest management by fostering comprehensive strategic land use planning.

CLUPE funds are used towards the following objectives:

- Capacity building: to enable First Nations, local government staff and interested members of stakeholder groups and the general public to participate more effectively in the development of resource objectives through strategic land use planning and sustainable resource management planning;
- Developing resource objectives: to prepare effective and balanced direction for the management of Crown land and resources as an essential component of a results-based approach to forest development;
- Resource analysis: to provide information and analysis of resource values and issues based on appropriate inventories that will assist planning participants to assess options with a better picture of local needs and circumstances;
- Implementation, monitoring and evaluation: to ensure land use decisions are achieving the anticipated social, economic and environmental goals; and
- Research: to provide scientifically sound information upon which to base planning decisions.

2003/04 Program Investments ($000)			
Crown Land Use Planning Enhancement Program			
	Budget	Actual	Variance
Capacity Building	1,893	1,788	105
Developing Resource Objectives	275	438	(163)
Resource Analysis	625	900	(275)
Implementation, Monitoring and Evaluation	375	100	275
Research	70	12	58
Total Program Expenditure	**3,238**	**3,238**	**0**

Key Accomplishments:

Capacity Building

- Facilitation of stakeholder, First Nations and local government participation in the development of the Haida Gwaii/Queen Charlotte Islands, Sea-to-Sky, Central Coast, Morice and Lillooet LRMPs.
- Support for FN and stakeholder participation in eight LRMP monitoring tables in the Northern Region.
- First Nation participation in Horsefly, 100 Mile House and Williams Lake SRMPs.
- Stakeholder participation sessions provided for Working Forest-Landscape Unit Planning in the Coast Region.
- Development of First Nations Agreements in the Northern Region.

Developing Resource Objectives

- Preparation/drafting objectives and assisting in the establishment of legal objectives for landscape units within the Chilliwack, Sunshine Coast and Vancouver areas.
- Objectives, indicators and targets drafted for North Coast LRMP.
- Completed legal objectives and timber supply analysis for the Revelstoke Higher Level Plan.
- Development of objectives for the Horsefly, 100 Mile House, Williams Lake, Chilcotin and Quesnel SRMPs.

Resource Analysis

- Higher level plan spatial analysis on five TSAs and three TFLs to test objectives for wildlife, visual and old growth values from an economic and environmental trend perspective.
- Socio-economic assessment and environmental risk assessment for the Morice LRMP.
- Environmental base case study for the Haida Gwaii/Queen Charlotte Islands Land Use Plan.
- Timber supply analyses to determine impacts for old growth scenarios in the Northern Region.

Implementation, monitoring and evaluation

- Evaluations and assessments completed for the Okanagan and Kamloops monitoring committees.
- Monitoring tools developed in the Northern Region.

Research

- Suitability of avalanche chute habitat for grizzly bears in the Rocky Mountains of the Prince George TSA.

Tree Improvement Program

The Tree Improvement Program is an operational investment plan for the management of the genetic resources of the province. The program focuses on improving the public forest asset base by supporting the development and availability of genetically well-adapted, high quality reforestation material from natural sources and through the conservation of our forest gene resources. The Forest Genetics Council (FGC) of British Columbia, appointed by the Provincial Chief Forester, guides tree improvement activities in the province.

Investments in the Tree Improvement Program contribute to the FIA goal of improving the public forest asset base by supporting the creation and deployment of improved seedlings and other germplasm.

Based on its goals and objectives, the FGC has defined a provincial forest gene resource management program with the following components:

- Gene conservation: activities monitor the gene pool needed for species to adapt to future environmental conditions, and provide technical recommendations on how to maintain the genetic resource for future generations;
- Tree breeding: activities include selecting parents in wild stands, testing offspring, establishing, maintaining and measuring trials, and delivering technical support;
- Operational tree improvement program (OTIP): focuses on increasing the quality and quantity of select (Class A) seed produced from existing forest company and MOF seed orchards;
- Expansion of orchard seed supply: the Ministry of Forests supports seed orchard expansions and the co-operative production of vegetative materials through Select Seed Company Ltd., a company under the control of the Forest Genetics Council of BC;
- Extension and communication subprogram: meets FGC goals and objectives related to extension, communication, and education activities;
- Gene resource information management: supports the development of computer-based systems that improve user access to information on select reforestation materials;
- Seed pest management: supports research to ensure protection of conifer seed orchards and to develop better method of management for cone and seed pests; and
- Program planning: supports development of business plans, species plans, and annual activity plans.

2003/04 Program Investments ($000)			
Tree Improvement Program			
	Budget	Actual	Variance
Gene Conservation	235	235	0
Tree Breeding	2,291	2,322	(31)
Operational Tree Improvement	830	800	30
Expansion of Orchard Seed Supply	150	150	0
Extension and Communication	45	20	25
Gene Resource Information Management	80	80	0
Administration	225	225	0
Seed Pest Management	79	90	(11)
Total Program Expenditure	**3,935**	**3,922**	**13**

Key Accomplishments:

- Completion of detailed range maps and gene conservation status for 11 commercially important conifers in British Columbia.
- Increased provincial use of high quality selected seed sources from 44 to 48 per cent of total provincial sowing, with an average gain of 11 per cent.
- Development of new Chief Forester standards for seed use to support the use and monitoring of genetic resources on Crown land.
- Provincial seed orchards produced a total of 1,094 kilograms of high-quality seed sufficient for approximately 100 million seedlings as a result of all co-operator activities, including FIA support.

Appendix 3: Summary of Performance

Performance at a Glance

87% (25 out of 29 measures)		13% (4 out of 29 measures)	
✔ ✔ **8** performance measures over-achieved	✔ **17** performance measures achieved or substantially achieved	▲ **3** performance measures partially achieved	✕ **1** performance measure not achieved

The following charts illustrate the links between goals, objectives, strategies and performance results in a summary format under each of the ministry's goals.

Goal 1	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					2003/04 Target	2003/04 Actual	Achievement
Sustainable Forest Resources	1 Forest Protection	1.1 Forest and range resources are protected	Ensure fire preparedness and rapid initial attack	% of unwanted wildfire contained at <4 ha	92%	91.8%	✔
			Early detection and treatment of insect infestations	% of Crown forest aerial surveyed for insect infestations	100%	100%	✔
				% of high priority bark beetle infestation sites treated by MOF	Baseline to be established	88%	✔
				% of high priority areas treated to manage defoliator outbreaks	Baseline to be established	Gypsy Moth N/A All Others 99%	✔
	2 Stewardship of Forest Resources	2.1 Ecosystem health in BC is monitored	Periodic review of the state of forests in BC	Status of the State of the Forest (SOF) Report	SOF Report with 6 indicators	90% complete	✔
		2.2 Effective performance standards are in place	Continued evaluation of forest practices legislation for improvement	# of completed effectiveness evaluations of forest practices legislation	3	3	✔
			Reducing forest regulations without compromising environmental standards	% of forest deregulation achieved (cumulative from 2001/02 baseline)	23%	50%	✔ ✔
			Applied research activities to support new standard and information gaps	Client satisfaction with applied research by the ministry	> 70%	Not measured in 2003/04	N/A
		2.3 Forest and range resources are managed and improved on asustainable basis	Implement a defined forest area management model for volume-based licenses	% of Timber Supply Areas under defined forest area management	25%	Measure discontinued in 2003/04	N/A
			Work co-operatively with stakeholders to implement timber supply analysis within the DFAM model	% of timber supply allowable annual cut determinations achieved by their scheduled deadline	75%	83%	✔ ✔
			Reforestation through the Forest Stand Management Fund	Volume gain (cubic metres per year) of timber available for harvest in 65 years	317,000	288,161	✔
			Ensure that forage is available to range users through licences or permits	% of available crown range forage under a form of tenure	90%	95%	✔ ✔
			Manage Forest Service sites and trails as user maintained or through partnership agreements	# of Forest Service recreation sites and trails managed under partnership agreements	390 sites 165 trails	451 sites 103 trails	✔
	3a Compliance and Enforcement	3a.1 Statutory obligations are enforced	Implement a new compliance and enforcement regime for the *Forest and Range Practices Act*	% of high and very high priority sites inspected for forest and range practices compliance	91%	82.6%	✔
				% of alleged compliance contraventions successfully concluded	80%	84.3%	✔ ✔
				% of alleged enforcement contraventions successfully concluded	80%	66.6%	▲
	4a Forest Investment	4a.1 Forest investments contribute to sustainable forest management at the Management Unit level	Actively foster sustainable forest management through strategic planning and information gathering	Percentage increase in provincial resource inventory information	Baseline to be established	Measure discontinued during 2003/04	N/A
			Improve the public forest asset base through land based and tree improvement activities	Volume gain of timber available for harvest in 65 years (cubic metres/ year)	Baseline to be established	Measure discontinued during 2003/04	N/A

Goal 2	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					2003/04 Target	2003/04 Actual	Achievement
Sustainable Forest Benefits	3b Compliance & Enforcement	3b.1 Statutory obligations are enforced	Implement a new compliance and enforcement regime for pricing and revenue	% of high and very high priority inspections for pricing and revenue compliance	95%	63%	✔
	4b Forest Investment	4b.1 Promote secondary manufacturing and marketing of BC forest products	Develop and implement new international marketing initiatives	Measured by the Key Outcome Indicator — Percent increase in wood product sales to Taiwan, China and Korea	20% increase	34% increase	N/A
	5 Pricing and Selling the Timber	5.1 Access to export markets for BC forest products	Continue to pursue free access for BC forest products to the US	Measured by the Key Outcome Indicator — BC's share of the US softwood lumber market	17%	16.1%	N/A
		5.2 Fair value for use of forest and range resources to the public	Implement a market-based pricing system to generate appropriate revenues to the Crown	Status of implementation of market-based pricing system	Implement	MPS on Coast implemented on Feb 29, 2004	▲
		5.3 Opportunities to generate wealth from forest resources	Ensure that timber apportioned in TSAs is available to licensees through tenure	% of timber supply area AAC under a form of tenure	90%	94.7%	✔
		5.4 A reliable and safe forest road network	Maintain priority public use Forest Service Roads until 2005	Kilometres of Forest Service Roads maintained by the ministry to a public use standard	1,149	1,271	✔
		5.5 Increased FN participation in the forest sector; forestry operations that respect FN interests on the land base	Negotiate consultation agreements with First Nations	Number of agreements	64	47 consultation agreements & 22 accommodations agreements	✔ ✔
			Increase First Nations participation in the Forest Sector	Number of tenures offered to First Nations	19	32	✔ ✔
	6 BC Timber Sales	6.1 BC Timber Sales is more effective and on a commercial footing	Provide a credible reference point for costs and pricing of timber harvested from public land in BC	Average cost per cubic metre of volume sold	$12.09	$12.19	✔ ✔
			Generate the best possible revenue to the province, recognizing the above strategy	Net revenue measured by Key Outcome Indicator — Crown net revenue generated from BC Timber Sales in $ millions	$71.2 (see page 30)	$101.07 M	N/A
			Provide opportunities for customers to purchase timber in an open and competitive market	Percent of BC Timber Sales volume advertised for sale	100%	104%	✔
				Percent of sales refused	2%	19%	
			Meet or exceed all requirements of the *Forest and Range Practices Act*	Instances of significant non-compliance with the *Forest and Range Practices Act*	0	1	✔

Goal 1	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					[illegible] Target	[illegible] Actual	Achievement
Sustainable Forest Resources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	✔
		1.1 Forest and range resources are protected	[illegible]	[illegible]	[illegible]	[illegible]	✔
			Early detection and treatment of insect infestations	[illegible]	[illegible]	[illegible]	✔
				[illegible]	[illegible]	[illegible]	✔
				[illegible]	[illegible]	[illegible]	✔
		1.2 Ecosystem health is [illegible] is maintained	Periodic review of the state of forests in BC	State of the State of the Forest (SOF) Report	[illegible]	[illegible]	✔
		2.2 Effective performance standards are in place	Continual evaluation of forest practices legislation for improvement	# of completed effectiveness evaluations of forest practices legislation	[illegible]	[illegible]	✔
			Reducing forest regulations without compromising environmental standards	[illegible]	[illegible]	[illegible]	✔ ✔
			Applied research activities to support new standard and information gaps	Client satisfaction with applied research by the ministry	[illegible]	[illegible]	NA
		2.3 Forest and range resources are managed and improved on sustainable basis	Implement a defined forest area management model for volume-based licences	[illegible]	[illegible]	[illegible]	NA
			Early consultation with stakeholders on increment / mort. issues, process within the OFARS model	[illegible]	[illegible]	[illegible]	✔ ✔
			Reforestation through the Forest Stand Management Fund	[illegible]	[illegible]	[illegible]	✔
			Ensure that range is available to range users through licences or permits	[illegible]	[illegible]	[illegible]	✔ ✔
			Manage Forest for use sites and trails as user-maintained through partnership agreements	[illegible]	[illegible]	[illegible]	✔
	[illegible]	3.1 Statutory range are are enforced	Implement a risk compliance and enforcement regime for the Forest and Range Practices Act	[illegible]	[illegible]	[illegible]	✔
				[illegible]	[illegible]	[illegible]	✔ ✔
				[illegible]	[illegible]	[illegible]	▲
	[illegible]	4.1 Forest investments contribute to sustainable forest management of the Management company	Actively foster sustainable forest management through planning and information gathering	Percentage increase in productive resource inventory information	[illegible]	[illegible]	NA
			Improve the public forest asset base through and forest and tree management activities	[illegible]	[illegible]	[illegible]	NA

Goal 2	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					2003/04 Target	2003/04 Actual	Achievement
Sustainable Forest Benefits	Compliance & Enforcement	3b.1 Statutory obligations are enforced	Implement a new compliance and enforcement regime for pricing and revenue	% of high and very high priority inspections for pricing and revenue compliance			✔
	BC Forest Promotion	4b.1 Promote secondary manufacturing and marketing of BC forest products	Develop and implement new international marketing initiatives	Measured by the Key Outcome Indicator — Percent increase in wood product sales to Taiwan, China and Korea			NA
	Pricing and Selling Timber	5.1 Access to export markets for BC forest products	Continue to pursue free access for BC forest products to the US	Measured by the Key Outcome Indicator — BC's share of the US softwood lumber market			✔
		5.2 Fair value for use of forest and range resources to the public	Implement a market-based pricing system to generate appropriate revenues to the Crown	Status of implementation of market-based pricing system			▲
		5.3 Opportunities to generate wealth from forest resources	Ensure that timber apportioned in TSAs is available to licensees through tenure	% of timber supply area AAC under a form of tenure			✔
		5.4 A reliable and safe forest road network	Maintain priority public use Forest Service Roads until 2006	Kilometres of Forest Service Roads maintained by the ministry to a public use standard			✔
		5.5 Increased FN participation in the forest sector, forestry operations that respect FN interests on the land base	Negotiate consultation agreements with First Nations	Number of agreements			✔ ✔
			Increase First Nations participation in the Forest Sector	Number of tenures offered to First Nations			✔ ✔
			Provide a credible reference point for costs and pricing of timber harvested from public land in BC	Average cost per cubic metre of volume sold			✔ ✔
	BC Timber Sales	6.1 BC Timber Sales is more effective and on a commercial footing	Generate the best possible revenue to the province recognizing the above strategy	Net revenue measured by Key Outcome Indicator — Crown net revenue generated from BC Timber Sales in $ millions			NA
			Provide opportunities for customers to purchase timber in an open and competitive market	Percent of BC Timber Sales volume advertised for sale			✔
				Percent of sales refused			
			Meet or exceed all requirements of the Forest and Range Practices Act	Instances of significant non-compliance with the Forest and Range Practices Act			✔

Goal 3	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					[illegible] Target	[illegible] Actual	Achievement
Effective and Responsive Forest Manager	Forest and Range Policy, Legislation and Planning	7.1 Ministry legislation is in alignment with government and ministry policy direction	Provide legislation required to implement government and ministry policy	Number of key legislation documents prepared for government approval			✔
				Average number of training days per year per employee			▲
		7.2 Be a leading edge forest sector employer	Implement succession planning and training to attract and retain highly qualified staff	Percent of critical positions with current competency centres and succession plans in place			✔
				Percent of staff satisfied with their employment with the ministry			▲▲
		7.3 Regularly assess performance of the ministry and incorporate a culture of efficiency and positive change to ensure achievement of the ministry's mandate	Fully implement an integrated performance management and budgeting framework in the ministry	Percent of corporate performance measure targets achieved			✔
				Percent of expenditure targets achieved			✔
			Refine ministry business processes and practices to meet the highest standards of efficiency and effectiveness	Percent of business areas redesigned to align with the refocused mandate			
			Maximize the benefits derived from the application of technology to ministry business	Number of major client services available electronically			✔ ✔

Goal 3	Core Business Area	Objective	Strategy	Performance Measure	Targets		
					2003/04 Target	2003/04 Actual	Achievement
Effective and Responsive Forest Manager	7 Executive and Support Services	7.1 Ministry legislation will align with government and ministry policy direction	Prepare legislation required to implement government and ministry policy	Number of key legislation documents prepared for government approval	4	9	✔
		7.2 Be a leading edge forest sector employer	Implement succession planning and training to attract and retain highly qualified staff	Average number of training hours per year per employee	> 29	20	▲
				Percent of critical positions with current competency profiles and succession plans in place	50%	52%	✔
				Percent of staff satisfied with their employment with the ministry	> 59%	Survey postponed to 2004/05	N/A
		7.3 Regularly assess performance of the ministry and incorporate a culture of efficiency and positive change to ensure achievement of the ministry's mandate	Fully implement an integrated performance management and budgeting framework in the ministry	Percent of corporate performance measure targets achieved	95%	84%	✔
				Percent of expenditure targets achieved	100%	100%	✔
			Refine ministry business processes and practices to meet the highest standards of efficiency and effectiveness	Percent of business areas redesigned to align with the refocused mandate	75%	Measure discontinued in 2003/04	
			Maximize the benefits derived from the application of technology to ministry business	Number of major client services available electronically	2	3	✔ ✔

Appendix 4: Glossary

Allowable Annual Cut (AAC) — The rate of timber harvest permitted each year from a specified area of land, usually expressed as cubic metres of wood per year.

Animal Unit Months (AUMs) — The unit by which forage or grazing capability of Crown range land is measured. It represents the amount of forage, required for one month by an average cow, aged six months or older.

Certification — The process of identifying forest products as those produced by organizations whose forest practices or management systems meet a set of defined voluntary certification standards, based upon independent assessments. Certification is intended to assure companies and consumers around the world that the forest products they purchase come from well-managed forests.

Core Business Area — A set of key functions with a common purpose related to the goals of the ministry

Corporate Performance Measures — Measurable factors of significant importance to the organization in achieving the strategic goals and objectives. A performance measure is a quantified, time specific measure used to indicate the degree of success the ministry has in achieving its goals, objectives and strategies.

Criteria and Indicators — A criterion is a category of conditions or processes by which sustainable forest management may be assessed. An indicator is a measure of an aspect of the criterion. Those used in Canada are generally based on the Montreal Process initiated in 1994. This was an international meeting where criteria and indicators for the conservation and sustainable management of temperate and boreal forests were developed and agreed to internationally.

Discretionary Silviculture Activities — Silviculture activities that are not required by legislation. These may include backlog reforestation, reforestation activities on some areas burned by wildfire, and brushing, spacing, fertilizing and pruning.

Forest and Range Assets — All the forest and range resources on Crown land, including the water, soil, biodiversity, timber, forage, wildlife habitat, recreation, and scenic resources.

Full-time Equivalent (FTE) — The equivalent of one person working 1,827 hours in one year.

Goals — Goals are the ends that the ministry wants to achieve in fulfilling its mandate and mission. Goals are long-range outcomes that guide an organization's efforts in moving towards a desired future state.

Industrial Use Forest Service Roads — Are roads that are owned and operated by the ministry, but maintenance is delegated to an industrial user.

Key Outcome Indicators — Key outcome indicators represent key results related to an organization's goals but that are often not directly attributable to their business activities. Logic models are used to link outcomes to business activities.

Mission — Describes the reason for the ministry's existence. It defines what the ministry does, why it does it and for whom.

Objective — A broad time-phased accomplishment required to realize the successful completion of a strategic goal. Objectives are general statements about desired business area results.

Provincial Forest Landbase — Crown land designated by the *Forest Act* (Section 5) as under the direct jurisdiction of the Ministry of Forests. This is generally equivalent to the crown land area in TFL's, Woodlot Licences, and TSA's (excluding vacant Crown land).

Public Use Forest Service Road Maintenance Standards — Include user safety maintenance activities such as road surface maintenance and sight line brushing as well those activities required for the protection of the environment. User safety maintenance activities will be commensurate with the types of vehicles and pattern of use.

Strategies — Describe how implementing a specific set of activities will achieve an objective.

Sustainable Forest Management (SFM) — SFM, as defined by the Canadian Council of Forest Ministers is: "To maintain and enhance the long-term health of our forest ecosystems, for the benefit of all living things both nationally and globally, while providing for environmental, economic, social and cultural opportunities for the benefit of present and future generations."

Targets — Performance targets express pre-set quantifiable performance levels to be attained at a future date.

Tenures Offered to First Nations — Measures the number of invitations made under the *Forest Act*, which was amended in 2002 to allow the Minister of Forests to invite, without competition, applications from First Nations for forest tenure.

Timber Supply Area (TSA) — Land designated under the *Forest Act* that is managed for sustainable timber harvest, as determined by an allowable annual cut. There are currently 37 TSAs in British Columbia.

Values — An expression of the ministry's core values and fundamental beliefs that inform the ministry's management style, organizational principles and rules of personal and organizational behaviour.

Vision — A clear, concise and compelling picture of the ministry's preferred future.

Wilderness Forest Road Maintenance Standards — Include those activities required for the protection of the environment, activities do not include surface maintenance or site line brushing. As such, only bridge repair and those maintenance projects required to mitigate

environmental problems, like mass wasting or washouts, which may impact residential or worker safety, improvements, or natural resources, will be carried out. Wilderness maintenance activities will include culvert and bridge removal, water-bars, partial or full pullback of side slopes and cross ditches.